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## 2 Westerners Die as Terror Targets Grow In Pakistan

FBI Will Lead Inquiry Into Attack on Official U.S. Vehicle in Karachi

By Kamran Khan and Molly Moore  
Washington Post Service

KARACHI, Pakistan — Masked gunmen ambushed a U.S. Consulate van Wednesday, killing two Americans and wounding a third in what Pakistani authorities said was a "well-planned campaign to create panic and terror" among Westerners.

The attack, the first time terrorists singled out Westerners, added an international dimension to the terrorism that has besieged the Pakistani port city. More than 1,000 people have been slain in religious, ethnic and political violence in Karachi in the last year.

American and Pakistani officials said the attack appeared to be carefully planned. They said no group had yet taken responsibility.

Federal Bureau of Investigation agents were sent to Pakistan from the United States, and the Karachi police said the FBI would head the investigation.

Karachi police sources revealed that a police vehicle outfitted with a machine gun on its roof was at the intersection where the ambush occurred but that did not pursue the attackers because the policemen were afraid of being killed.

U.S. Consulate officials said Gary C. Durrell, 45, a communications technician, died instantly when the gunmen opened fire. Jackie Van Landingham, 33, a consulate secretary, died of gunshot wounds after being taken to a hospital. Mark McCloy, 31, a Marine mail room worker, was scheduled to undergo surgery, according to Pakistani authorities.

U.S. Consulate officials said they were taking extra precautions to safeguard personnel. But a consulate spokesman said: "They live and work in this community. We've told people to keep their heads down, but we can't build a wall around them." U.S. officials said there were no plans yet to close the consulate or evacuate family members.

The assault occurred at a busy intersection as the van, clearly identified by its consulate license plate, was driving the three employees from the diplomatic residential area to the consulate during the early-morning rush hour.

"This wanton act of terrorism deserves the severest condemnation," the Pakistani government said in a statement. "It is clear that this tragic incident is part of a pre-meditated plan to create fear and harassment in sensitive areas of Karachi."

President Bill Clinton said the attack

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## 'Dollar weakness is unwelcome because it adds to potential inflation pressures'



Mr. Greenspan on Wednesday during his appearance before the House Banking Committee in Washington.

## Greenspan Gives Battered Dollar Reprieve at Last

By Lawrence Malkin  
International Herald Tribune

NEW YORK — Led by the Federal Reserve chairman, Alan Greenspan, the central bankers of Europe and the United States talked the dollar out of its black hole Wednesday without spending a penny of reserves to intervene in the markets.

Traders expected that intervention would come later to intensify the dollar's upward push, which was heavily influenced by what the market read as a hint by Mr. Greenspan that U.S. interest rates might have to be raised to contain inflation and protect the dollar.

"Dollar weakness," he said at the outset of his testimony to Congress on the budget deficit, "while very likely overdue, is unwelcome because it adds to potential inflation pressures in our economy."

The dollar climbed above 1.40 Deutsche marks at one point Wednesday and closed in New York at 1.3950 DM, up nearly 3 pence from Tuesday in a move that would be considered huge in less nervous markets. The dollar closed at 91.35 yen, almost a full yen above the opening and nearly 2 yen above the low on Tuesday.

"The market now is looking over its shoulder," said Robert D. Hormats, vice

president of Goldman, Sachs International and a former colleague of Treasury Secretary Robert E. Rubin. "They've called in their short positions. It's unreasonable not to believe that the central banks don't have a plan to intervene."

Mr. Rubin, former co-chairman of Goldman, Sachs & Co. and probably the only sitting finance minister who began his professional life as a currency trader, is widely seen as the architect of the current strategy of allowing the currency markets to burn themselves out before authorities spend any more money to nudge the dollar back up. This also suited the White House because it kept President Bill Clinton out of the line of fire if the strategy fails.

Mr. Greenspan's statements about the dollar had obviously been coordinated with Germany's Bundesbank, which in a rare statement Wednesday morning declared that recent currency market gyrations had been exaggerated and did not reflect economic fundamentals in pushing the dollar to postwar lows against the mark and the yen.

Mr. Greenspan's remarks expressing concern about the dollar were stronger than expected and helped overcome comments by two members of the Federal

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## Europeans Raise Rates to Tame Mark

By Carl Gewirtz  
International Herald Tribune

PARIS — The beleaguered currencies of Continental Europe won a reprieve against a surging Deutsche mark Wednesday as the central banks of France, Belgium and Denmark increased short-term interest rates.

Strong talk from the Bundesbank, which said that exaggerated movements on currency rates were "not justified by fundamental factors," also helped to calm the markets.

The effort was further supported by comments from the Federal Reserve chairman, Alan Greenspan, that "the weakness of the dollar against other major currencies is both unwelcome and troublesome."

Analysts welcomed the actions and supporting words as a demonstration that officials were not indifferent to the pressures that have both driven the dollar to record lows and created tremendous strains within Europe as Continental currencies failed to keep up with the mark.

The modest retreat of the mark on

Wednesday was not seen, however, as signaling the end of market turmoil but rather as a pause to assess whether the pressures would now shift toward other factors weighing on interest rates in money and bond markets.

"It's not over," said Joanne Perez at Banque Indosuez, echoing sentiments voiced by bankers in Germany.

Avinash Persaud of J. P. Morgan noted that "three quarters of what's happening in Europe is due to a revaluation of the mark and one quarter is due to election uncertainty."

The first round of the French presidential elections is set for the end of April, while the Belgians will elect a new government in two months.

Mr. Persaud believed that the underlying sources of the exchange-market unrest remained intact. He cited weakness of the dollar, fear of an impending increase in German interest rates and a heightened aversion to risk by money managers.

The dollar's woes are based on the perception, buoyed by earlier comments from Mr. Greenspan, that the yearlong rise in

U.S. interest rates has nearly peaked, and by continuing weakness against the yen as the Japanese keep repatriating money for their year-end reports due on March 31.

But analysts did not believe that the passing of the Japanese fiscal year would be sufficient to relieve the dollar's weakness, and that this would require either a rise in U.S. rates or a decline in German and Japanese rates, or a combination of such moves.

Hans-Jürgen Krupp, a member of the Bundesbank's central council, was quoted Wednesday as saying that "it would be sensible" for the German central bank to cut interest rates in the medium term.

But Frankfurt bankers noted that the Bundesbank had never moved interest rates solely as a result of developments in the foreign exchange market and were unlikely to start doing so now.

Ms. Perez said the Bundesbank could finesse the issue, however, by abandoning its longtime policy of setting a fixed rate on its weekly supply of overnight money —

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### AGENDA

#### House Expected to Limit Fraud Suits

WASHINGTON (NYT) — The House of Representatives was expected to pass a measure on Wednesday designed to limit the ability of stockholders and their attorneys to file suits alleging fraud against companies or stockholders.

Like all the legislation considered this week by the House to overhaul the nation's system of civil lawsuits, the debate centered on what effect the measure would have on how the courts are used to apportion justice in civil disputes.

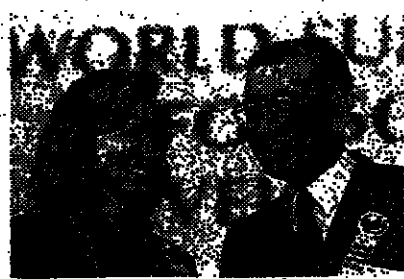
Its Republican sponsors contend the bill would reduce abusive and frivolous suits while most Democrats say it is so broad that its main effect would be to inhibit deserving citizens from seeking redress from corporations.

#### Berlusconi Forms New Rightist Alliance

ROME (AFP) — An alliance led by former Prime Minister Silvio Berlusconi agreed Wednesday with the Italian Popular Party, the rump of the former Christian Democrats, to form a new rightist movement to contest approaching local elections.

The grouping also includes the National Alliance, the Christian Democratic Center and other small allied parties.

The new alliance was immediately denounced by the left wing of the Popular Party. Regional elections are scheduled for April 23.



ATOP THE SUMMIT — Hillary Clinton with Boutros Boutros Ghali at the Copenhagen talks. Page 2.

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Perils of 'Glasnost' Offshoots

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China Again Avoids Censure

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## CIA Report Puts Blame for Bosnian Crimes on Serbs

By Roger Cohen  
New York Times Service

WASHINGTON — In the most comprehensive assessment by the United States of the responsibility for atrocities in Bosnia, the Central Intelligence Agency has concluded that 90 percent of the acts of "ethnic cleansing" were carried out by Serbs and that leading Serbian politicians almost certainly played a role in the crimes.

The highly classified CIA report, based on aerial photography and what a senior official called "an enormous amount of precise technical analysis," also concludes that while war crimes were by no means committed exclusively by Serbs, they were the only party involved in a

systematic attempt to eliminate all traces of other ethnic groups from their territory.

The report makes nonsense of claims, now consistently put forward by West European governments and intermittently made by the Clinton administration, that the Bosnian conflict is a civil war in which guilt is divided between Serbs, Croats and Muslims rather than a case of Serbian aggression.

This argument has often been used by countries, particularly Britain and France, that have been opposed to any Western military intervention in Bosnia.

The contents of the report, completed early this year, were revealed to The New York Times by three officials, two in Washington and one in Europe, whose accounts

coincided. Two of them expressed unhappiness with the way U.S. policy has evolved in the region.

Mark Mansfield, a spokesman for the CIA, said, "We do not comment on classified reports." But people close to the agency said the report had been submitted to senior officials at the Pentagon, the State Department and the National Security Council.

The report is highly sensitive in that it comes at a time when the United States and its Western allies have embraced the Serbian president, Slobodan Milosevic, as a potential peacemaker. The CIA's conclusions suggest that the Serbian leader is extremely ill-fitted for this role. One official, reading from notes he took from the CIA

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## Suicide of Ex-Air Force Chief Widens Belgian Scandal

By Tom Buerkle  
International Herald Tribune

BRUSSELS — The former head of the Belgian Air Force was found dead Wednesday, an apparent suicide, in a dramatic turn to the corruption scandal involving alleged kickbacks by military contractors to Belgium's governing parties.

The death of Jacques Lefebvre, a retired lieutenant general who was found dead in

a central Brussels hotel, was a new blow to a government badly shaken by the affair.

Leaders of the Christian Democratic Socialist coalition have sought to blame junior officials for any bribe-taking and have urged a quick resolution of the case before the elections set for May 21. But the death of General Lefebvre appeared very likely to prolong and deepen the investigation.

"We are far beyond a simple case of

corruption," said a senior politician, who spoke on condition of not being identified.

"It seems to be much more important, and much more adventurous."

The death also was expected to put new pressure on Willy Claes, the NATO secretary-general, who helped negotiate a helicopter contract at the heart of the investigation. He has denied any wrongdoing.

"It keeps up the drumbeat," a North Atlantic Treaty Organization source said

of the death. "The position is awkward."

The body of General Lefebvre, who was 64, was found in his room at the Mayfair Hotel on Wednesday morning along with a letter, a spokesman for the Brussels police said. The spokesman declined to discuss the contents of the letter, but said the police were investigating the death as a "likely suicide."

General Lefebvre was staff chief of the

See SCANDAL, Page 6

## A Stoic Tokyo Reflects on the Firebombing of 1945

By Nicholas D. Kristof  
New York Times Service

TOKYO — Surrounded by an inferno, overwhelmed by the smoke and the roar of collapsing buildings, 17-year-old Tatsuo Hamano decided that his only hope lay in running not away from the fire but into it.

So he dashed into the flames, dumping his backpack when it began to burn, and half a century later he is alive to tell the tale. But 100,000 other residents did not survive the firebombing of Tokyo, and this week the city is remembering the trauma that began in the early morning hours of March 10, 1945, when Tokyo became a bonfire.

The atomic bombing of Hiroshima on Aug. 6, 1945,

has captured far more attention, but the napalm and jellied gasoline dropped on Tokyo may have killed more people. The United States Strategic Bombing Survey wrote at the time that "probably more persons lost their lives by fire at Tokyo in a six-hour period than at any time in the history of man."

General Curtis LeMay, in defending the use of the atomic bombs, said: "We scorched and boiled and baked to death more people in Tokyo on that night of March 9-10 than went up in vapor at Hiroshima and Nagasaki combined." In fact, by current reckoning, General LeMay was wrong — far more people died in the long run from radiation sickness and cancer because of the delayed effects of the atomic explosion.

Yet Japan is marking the anniversary of the firebombing in a subdued way, befitting its own tangle of feelings

about the war. While at least three times as many people died in Tokyo as in the firebombing of Dresden, there seems to be less introspection here: less anger at the bombers, as well as less self-reproach for starting the war. The dominant emotion today regarding the firebombing of Tokyo perhaps is stoicism intertwined with antipathy for war in general.

"The firebombing probably led to an earlier end of the war," mused Katsumoto Saotome, a writer and peace activist who has devoted much of his life to documenting the bombing. "But I think killing noncombatants was an unforgivable violation of human morality."

After a moment's silence, Mr. Saotome added hastily:

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Newstand Prices	
Andorra.....9.00 FF	Luxembourg.....60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dir.
Cambodia.....1,400 CFA	Qatar.....8.00 Rial
Egypt.....E.P. 5000	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....8.00 R.
Gabon.....900 CFA	Senegal.....950 CFA
Greece.....350 Dr.	Spain.....225 PTAS
Italy.....2,600 Lire	Turkey.....1,000 Dh
Ivory Coast.....1,120 CFA	Turkey.....T.L. 45,000
Jordan.....1 JD	U.A.E.....850 Dirh
Lebanon.....US\$ 1.50	U.S. Mlt. (Eur.).....\$1.10

Dow Jones		Trib Index	
Up	16.50	Down	1.57%
3979.23		110.17	
The Dollar		Previous Close	
DM	1.395	DM	1.373
FF	1.808	FF	1.636
Yen	91.35	Yen	90.40
FF	4.953	FF	4.895







## THE AMERICAS

## Study Pinpoints Why a Dieter's Victory Is Often Illusory

**BOSTON** — The hardest part of a diet is keeping off the weight. Now researchers believe they know why: The body simply burns up less energy after a weight loss.

Indeed, it turns out that a newly slender person uses considerably fewer calories than does someone exactly the same size who has always been slim. Even exercise does less good following a diet.

The finding by researchers at Rockefeller University, published in the Thursday issue of the *New England Journal of Medicine*, explains why most people find it so difficult to lose weight and keep the weight off unless they permanently increase their level of exercise.

It also confirms earlier research into the long-standing theory that the body's metabolism has a "set point" that fine-tunes the way the body burns calories.

This does not mean keeping weight off is impossible, only that it is very difficult. It requires eating no more calories than are burned,

and that means a lifelong commitment to modest eating and regular exercise.

The researchers found that when a person's weight drops by 10 percent, the body's metabolic rate falls 15 percent to compensate, thereby burning fewer calories.

Conversely, when most people go on an eating binge and their weight increases by 10 percent, the body compensates by ratcheting up the amount of energy burned by 16 percent. The process seems identical in both obese people and people of average weight.

These findings offer an explanation for the fact that obese people tend to regain lost weight unless they increase their physical activity on a permanent basis, said Dr. Rudolph Leibel, the leader of the research team. "It clearly shows that decreasing food intake or increasing energy output for a short period is not going to control weight."

"Good nutrition and increased physical activity — over the long term — are necessary to lose weight and keep it off," Dr. Leibel said.

On average, about 60 percent of the calories a

person consumes are used to maintain the body while resting. Ten percent more are used up digesting food and the remaining 30 percent are burned through physical activity.

The discovery that little difference was seen between obese and nonobese patients provides "additional evidence that obesity is a biological disorder, which must be considered in an overall approach to weight control," Dr. Leibel said.

Losing weight and keeping it off for a long time may not be enough to recalibrate the body's set point at a higher rate, burning more calories, the researchers suggested.

"A reduced level of energy expenditure has been reported to persist in subjects who have maintained a reduced body weight for periods ranging from six months to more than four years," they said, citing a report of a 1984 study in the *Journal of Metabolism*.

In an editorial in the *New England Journal*, Dr. William I. Bennett of Cambridge Hospital in Cambridge, Massachusetts, said a typical 155-pound man gains about 22 pounds (10 kilograms) over a 20-year period simply by retaining

the amount of energy in one carrot stick a day. The extra weight of middle age, he said, probably comes from people becoming less physically active as they get older.

The fact that the typical American today is more likely to be fat than in years past "may be more easily explained by the availability of gasoline than by the availability of fast food," Dr. Bennett wrote. Although the popular belief persists that obesity is caused by overeating, Dr. Bennett said a "theory of gluttony" does not stand up to the evidence available.

While it may seem like grim news for overweight people, Dr. Leibel sees a bright side: "It suggests that the maintenance of body weight is a biological phenomenon, not solely a voluntary activity."

Dr. Richard Keesey of the University of Wisconsin said dieters will have to get used to the idea that humans have evolved ways of keeping their fat levels constant to get them through famine and plenty. "We evolved these systems to protect us, and now we are stuck with them," he said. (Reuters, AP)

## POLITICAL NOTES

## Hatfield Hangs Onto His Chair

**WASHINGTON** — Senate Republicans decided Wednesday not to punish Mark O. Hatfield for casting the decisive "no" vote on the balanced-budget amendment, a top Republican priority.

Senator Don Nickles, Republican of Oklahoma, said the Hatfield situation "was discussed briefly" during a private meeting of Republican senators. Asked if the subject would come up again, he replied, "We're done with the Hatfield situation."

There had been talk of stripping Mr. Hatfield, 72, of his chairmanship of the Appropriations Committee. (AP)

## New Complaint Against Gingrich

**WASHINGTON** — A Democratic member of Congress lodged another ethical complaint against the House Speaker, Newt Gingrich, this one over Mr. Gingrich's promotion of an toll-free telephone number on the House floor to sell tapes for his college course.

Mr. Gingrich was warned against commercial promotion five years ago by the House ethics committee. And yet, David Bonior, Democrat of Michigan, said Wednesday, Mr. Gingrich ignored the warning at least five different times, promoting his course on the floor and encouraging listeners to call an 800 number to buy audio and videotapes of the course.

"It's against the House rules to make such a blatant appeal on the floor of the House," Mr. Bonior said Wednesday. Mr. Gingrich dismissed the complaint as a "gimmick," saying that members were allowed to say whatever they wanted on the floor of the House. (NYT)

## Majority Moves to Tighten Benefits

**WASHINGTON** — The underpinnings of the Republican welfare reform plan locked into place Wednesday, with final House committee votes to rein in the food stamp program and fundamentally change the way government supports poor children and their mothers.

The Republican overhaul, which goes to the House floor for a vote in two weeks, would cut spending on public assistance programs by at least \$50 billion over five years.

Republicans say the blueprint, drafted over the past month by three House committees, will lift millions of Americans from the "economic bondage" and "slavery" of a welfare system that they say encourages dependency, subsidizes out-of-wedlock births and discourages work and marriage.

"It's going to get a lot of people out of poverty. It's going to get a lot of people on the road toward being a whole person. It's going to do a lot of good," Clay Shaw, Republican of Florida, said after the Ways and Means Committee approved the centerpiece of the bill by a vote of 22 to 11. (AP)

## Democrats Bill Apostate Senator

**WASHINGTON** — Democrats want Senator Ben Nighthorse Campbell of Colorado to pay for his conversion to the Republican Party — to the tune of \$255,460.42.

That is how much the Democratic Senatorial Campaign Committee poured into Mr. Campbell's 1992 campaign. "The donors of the DSCC were pleased that these funds were used to elect a Democrat in Colorado," Senator Bob Kerrey, the committee chairman, told Mr. Campbell in a letter made public Wednesday. "Now they are interested in a return of these funds to once again elect a Democrat to the Senate from Colorado." (AP)

## Quote / Unquote

Ellen Miller, director of the Center for Responsive Politics, a public interest group, on the lobbying over the high-stakes legal-overhaul measure now in the House: "It's a nightmare. Everyone is there except real people." (NYT)



**FACING JUSTICE** — Gustavo Espina Salguero, 48, a former Guatemalan vice president exiled for supporting a failed presidential coup in 1993, with his wife, Thelma, at the jail entrance in Guatemala City. He returned voluntarily from Costa Rica to face charges.

## Cities Seek Rare Prize: New Military HQ

By Eric Schmitt  
New York Times Service

**WASHINGTON** — Wanted: 140,000 square feet of secure office space. Good airline connections to Latin America. Affordable housing. Strategic site for nabbing drug lords and running top-secret military missions.

With American forces scheduled to withdraw from Panama by 1999 under terms of the Panama Canal Treaty, the Pentagon is looking for a new home for its Southern Command, the headquarters responsible for Latin America.

The selection of a new site is particularly rare at a time when scores of U.S. military bases are closing, and six communities are using political ties and fi-

nancial incentives to compete for it. Beyond bragging rights to one of the military's five major regional commands, the prize, by one estimate, will mean 1,500 new jobs and an infusion of \$100 million into the local economy over five years.

The Pentagon has narrowed the field to Miami, Tampa, New Orleans, Atlanta, Washington and Puerto Rico, and is expected to announce its choice later this month.

The Defense Department is trying to treat the move, in which Miami and Tampa appear to be the two front-runners, as a real estate deal that weighs only cost and military needs. But politics is playing a big role.

Florida, which will have 25 electoral votes in the 1996 presi-

dential election, has a powerful congressional delegation that is lobbying heavily for Miami or Tampa. Louisiana legislators, among them the head of the House Appropriations Committee, are similarly pushing for New Orleans.

The communities are rushing to outbid one another. Miami has spent \$100,000 promoting itself, while Puerto Rico is offering up to \$100 million in financing to build homes for officers and their families.

And officials in Atlanta, billing their city as the one with an ideal management climate, got right to the point when a Pentagon review team visited recently: Saab, Holiday Inn and United Parcel Service all recently moved corporate headquarters there.

The Southern Command is responsible for U.S. military activities in 19 Central and South American countries. The command, which now has 8,500 troops based in Panama, provides humanitarian aid, fights drug trafficking and protects the Panama Canal.

But even as the Pentagon looks for a new hub, some budget-cutters say the military could save money by consolidating the Southern Command into some other headquarters.

For example, General John J. Sheehan, the head of the Atlantic Command, based in Norfolk, Virginia, argues that the Southern Command would fit naturally in his fief. General Barry R. McCaffrey, the head of the Southern Command, bristles at that idea.

## Away From Politics

• The space shuttle *Endeavour's* ultraviolet telescopes zoomed in on an elliptical galaxy 2.2 million light years away and, aiming even farther, continued a search for intergalactic helium left over from the Big Bang. (AP)

• The prosecution's most important witness in the New York terrorist trial of Sheikh Omar Abdel Rahman and 10 others has admitted that he lied for years about his background, bragging to federal agents and friends that he was an intelligence officer in the Egyptian Army when

in reality he had been a technical officer who never saw combat. (NYT)

• A gun-toting 7-year-old boy has forced Los Angeles officials to review their policy of expelling any student who brings a weapon to school. The board of the Los Angeles Unified School District agreed to consider an exception. (AP)

• Seeking to stop increasing violence in New York City's schools, Schools Chancellor Ramon Cordero said he would remove students carrying weapons from schools for a year. The older ones would be sent to

four disciplinary academies, which would open next fall. (NYT)

• After decades of neglect, U.S. military housing has so deteriorated that Pentagon leaders say it is discouraging soldiers from re-enlisting and thereby handicapping the nation's military readiness. (WP)

• A guard at Raleigh-Durham International Airport was fired after witnesses said he choked former Governor L. Douglas Wilder of Virginia, an airport spokesman said. Mr. Wilder was unhurt but indignant after the incident. (NYT)

## Richard Lugar, the 'Serious' Candidate

By Michael Wines  
New York Times Service

**WASHINGTON** — Richard Green Lugar has been a U.S. senator from Indiana for 18 years, but much of the national electorate has yet to notice. That would not seem to make for a promising start to a campaign for the Republican presidential nomination like the one Mr. Lugar disclosed last week, to the surprise of many in Washington.

Unlike the Senate majority leader, Bob Dole, who can summon network cameras any time he wants, Mr. Lugar is known largely as an authority on dry topics like arms control and foreign affairs. Unlike Senator Phil Gramm, of the Texas twang and saber-toothed sound bites, Mr. Lugar speaks in flat tones and shades of gray.

Lamar Alexander wears flannel shirts and wants to cut the pay of Congress and send his members home. Mr. Lugar lives in dark suits and white shirts and leaves no question that Washington is a lifetime career.

"I'm glad Dick Lugar is in the race," said William Kristol, who used to be chief of staff to Dan Quayle, also of Indiana. "But I don't know how he wins, frankly."

Neither do some of his supporters, yet. Still, they see a combination of qualities — steadiness, deftness in crisis, bipartisanship — that they believe the president and many of his Republican rivals lack. Some cast Mr. Lugar as a natural successor to Mr. Dole, a man of similar views and generational stature, if the Kansas senator stumbles in the primaries as he did in 1988 and 1992.

"He's not from the junior leagues," said Jeff Nesbit, a longtime Quayle adviser and current Lugar supporter. "He'll walk through the door ready to be the leader of the free world. This is a man who reads his briefing papers for hours before hearings. He takes the job seriously."

When he appeared with other Republican aspirants last month at the first of New Hampshire's presidential cattle shows, Mr. Lugar was notable as the only speaker who did not try to crack a joke. Few doubt that he would be a serious and well-briefed president.

The case against him lies elsewhere. Even supporters say he is a premier foreign-policy expert in an era dominated by domestic politics, running in a race that often turns on issues like the flag, crime and the

economy. Recently he has sought to raise his domestic profile.

In mid-February, he used his post as Agriculture Committee chairman to call for a drastic reduction in farm subsidies as part of the effort to reduce the federal deficit. He also opposes demands by leading Republicans in the House and Senate for an income-tax cut for middle- and upper-class families, something he says the country cannot afford now.

Such stances are unusual for a senator from a farm state and not popular among Republi-

lans Committee: been considered three times for vice president, run for Senate majority leader, and lost to Mr. Dole, and, now, run the Agriculture Committee.

Now 62, he suggested on television last week that being president required "maturity" and "many years of experience," making an implicit comparison to the 48-year-old president.

Still, Mr. Lugar cannot escape his label as a foreign-policy expert, and appears not to want to. In interviews, he has suggested that the government and Congress have a healthy

**'He'll walk through the door ready to be the leader of the free world.'**

Jeff Nesbit, former adviser to Dan Quayle

cans. They could set him apart from rivals like Mr. Dole, who does not like Mr. Lugar's proposed phase-out of crop subsidies for farmers in Kansas and elsewhere, and Mr. Gramm, who fervently supports tax cuts while fighting proposals to pay for them by trimming popular

Texas programs. Supporters say Mr. Lugar intends to make the deficit a principal issue, arguing that he would approach the question of balancing the budget with the unflinching resolve that President Bill Clinton lacks and his rivals are hard put to match.

He also contends that he has experience in domestic matters that even rivals like Mr. Dole lack: though the comparison can sometimes seem stretched, Mr. Lugar oversees a small family farm outside Indianapolis, and likes to say that he knows more than most politicians about filling out federal forms and complying with tax rules. He also was mayor of Indianapolis two decades ago.

"We had a police force that was a good one, and a fire department and a sanitary department and zoning problems and airports and all that come with managing a large city and delegating responsibility," he said last Thursday on the CNN talk show "Larry King Live."

"The presidency is not a solo voice," he says. "It's a question of finding the best team. And I've been a consensus-builder." By comparison, he notes, Mr. Gramm was a professor and Mr. Dole has been in politics almost his entire adult life.

Mr. Lugar is no novice to high-level politics. Since becoming a senator in 1977, he has run the Senate Foreign Re-

lations Committee: been considered three times for vice president, run for Senate majority leader, and lost to Mr. Dole, and, now, run the Agriculture Committee.

Now 62, he suggested on television last week that being president required "maturity" and "many years of experience," making an implicit comparison to the 48-year-old president.

Still, Mr. Lugar cannot escape his label as a foreign-policy expert, and appears not to want to. In interviews, he has suggested that the government and Congress have a healthy

supply of experts and ideas to deal with most domestic issues, whereas only the president can properly address the nation's two biggest concerns: the federal debt and an increasingly unstable world.

In a news conference Friday, he opened his pitch by accusing Mr. Clinton of conducting foreign policy in "episodic chapters." Later that day, he accused the president of virtually abdicating U.S. leadership in NATO by supporting the group's eventual expansion to include nations in Eastern Europe, but never specifying how or trying to sell the idea to Americans.

"It was a passive approach which essentially left it to others to decide for our interests and our future commitments," he said. "In the worst case, NATO enlargement could be

dictated by Russian concerns." Mr. Lugar also believes the president has embraced Boris Yeltsin, the Russian president, too unreservedly. He criticizes the administration's Bosnia policy. He has qualms about the accord to curb North Korea's nuclear program.

But his broad approach to foreign affairs is bipartisan. With Senator Sam Nunn, Democrat of Georgia, he wrote the policy that earmarked \$2 billion to help Russia dismantle much of its nuclear force and convert its industry to peacetime uses.

Mr. Lugar pushed for sanctions against South Africa in the 1980s, when his party opposed them. This year, he criticized Mr. Dole's call for the United States to ignore an international arms embargo and begin allowing weapons to flow to besieged Bosnian Muslims.

He disputes Newt Gingrich's demand to end aid to Russia if Moscow supplies Iran with nuclear reactors, noting that Moscow's reactors are similar to those the United States may supply North Korea. And he opposes the House speaker's demand to pull U.S. peacekeepers from United Nations forces unless they are placed under U.S. command.

Those positions wear well with a foreign-policy establishment disenchanted with Mr. Clinton and fearful of the isolationism of Mr. Gingrich and those to his right.

But what is reassuring to Washington's establishment may well enjoy less support in primaries, where the voters are often diehard Republicans and the diehards are disproportionately to Mr. Lugar's right.

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## BRIEFLY ASIA

July 1950



## EUROPE

## UN Cuts Aid to Croatian Serbs

### Peacekeepers Jockey for a Toehold in Region

By Alan Cowell  
New York Times Service

ZAGREB, Croatia — United Nations relief officials took the unusual step Wednesday of cutting off all emergency food supplies to rebel Serbs in Croatia to pressure them into opening up new access routes to the beleaguered Bihać pocket in neighboring Bosnia, UN officials said.

The cutoff coincided with the emergence of new details of UN negotiations aimed at preventing a withdrawal of UN forces from Croatia, which is scheduled to begin in less than three weeks. President Franjo Tudjman has ordered that they leave when their mandate expires on March 31, raising fears of renewed, widespread conflict in the Balkans.

According to an internal UN report, the agency has told the rebellious Croatian Serbs in the Krajina region that they will have to accept a deployment of the peacekeeping forces on the internationally recognized border with Bosnia as "the minimum presence" for the continued presence of foreign troops.

The 12,000 UN peacekeepers patrol the cease-fire line between Croatian government troops and the Serbian militia that seized around 30 percent of Croatian soil in the 1991 civil war. President Tudjman argues that the UN presence merely solidifies his country's division, sheltering the rebellious Serbs on Croatian soil and encouraging them to force a Serbian ministeat closely linked to Serbia itself.

While the UN report says the rebellious Croatian Serbs in the Krajina region "raised no objection" to the redeployment of the peace-

keepers, other UN officials said their position was much more uncertain.

The U.S. assistant secretary of state, Richard C. Holbrooke, met with President Tudjman on Monday to try to persuade him to withdraw his ultimatum, but there has been no public indication that he succeeded.

The U.S. official's visit, however, apparently persuaded the Croatian leader that the UN forces would not be replaced by a NATO or other international force as he is reported to have demanded. "The penny has dropped," a UN official said, speaking in return for anonymity. "There is some expression of flexibility on the Croatian side," he said, but he added that the outlook, with the deadline less than three weeks away, still seemed pessimistic. "If there is to be some new UN mandate, the key question is going to be deployment along the border," the official said. He denied reports that the UN had offered to disarm its troops and deploy them as monitors.

The threatened expulsion of the UN troops has raised other concerns about the future of humanitarian relief efforts, already threatened by Serbian attacks on aid convoys.

Apart from attacks on convoys in other Muslim enclaves in Bosnia, officials of the UN High Commission for Refugees and World Food Program have been worried by harassment of convoys passing through Serb-held areas of Croatia to reach the Bihać pocket in northwestern Bosnia.

The convoys must pass through Bosnian territory controlled by Muslim rebels, who frequently stop them or refuse to allow them to pass.

## Britain Reaffirms Stand on IRA Arms

Compiled by Our Staff From Dispatches

LONDON — The British government denied on Wednesday that it had softened its insistence that the IRA give up its arms before its political wing, Sinn Féin, can join peace talks.

But senior government officials said British ministers could meet Sinn Féin before arms were handed in, as long as there was a commitment by the group to discuss the decommissioning of the Irish Republican Army's weapons.

After talks with the U.S. secretary of state, Warren M. Christopher, on Tuesday, Britain's Northern Ireland secretary, Sir Patrick Mayhew, said London would press Sinn Féin and the IRA to show "a willingness in principle to disarm progressively."

For Sinn Féin to take its place at the negotiating table, Britain wanted "a common practical understanding" of how the decommissioning of arms would be carried out, Sir Patrick said.

Those comments prompted Ulster politicians in the British Parliament to accuse the government of capitulating to IRA guerrillas.

Nigel Dodds, a spokesman for the Democratic Unionist Party, said the secretary's statement was "yet another cave-in" to the IRA.

But an aide to Prime Minister John Major said

of Sir Patrick: "What he said in Washington yesterday was not a softening of the government's position."

Sir Patrick and Mr. Major have said previously that Sinn Féin would be allowed to participate in the talks only if there was "substantial progress" in dismantling the IRA.

Secretary of State Christopher backed Sir Patrick's call for the IRA and Protestant military groups to surrender their arms.

"To those who have laid down their arms, including both the IRA and the Loyalists, we ask them to take the next essential step, and that is to move toward disarmament," Mr. Christopher said.

Sir Patrick said that three options for disarmament were acceptable: destroying its estimated 10 tons of arms, turning the arms over to officials in Northern Ireland or the Republic of Ireland, or surrendering arms to officials from a third nation.

Sir Patrick said he would be open to having the United States act as a third party for receiving the arms. But Clinton administration officials said they had made no offer to do so.

(Reuters, NYT)

## BRIEFLY EUROPE

### EU Commission Urges Policy For Mediterranean Stability

BRUSSELS — The European Commission called Wednesday for a new European Union policy to bolster stability in the Mediterranean, including a free trade zone and as much as \$14 billion in financial aid.

In a proposal to its 15 member states, the commission said the stability and prosperity of the southern Mediterranean rim were among the most important issues facing Europe.

It repeated calls for the EU to spend 5.5 billion European currency units (\$7 billion) over the next five years on the Mediterranean and said it wanted the European Investment Bank, the EU's development arm, to match the amount in loans. The commission has been pushing for the Union to pay more attention to its southern flank, particularly given the increase in Islamic fundamentalism. (Reuters)

### EU to Press Yeltsin on Rights

BRUSSELS — Foreign Minister Alain Juppé of France on Thursday will try to use access to European markets as a lever to force President Boris N. Yeltsin's hand on human rights in Chechnya.

Mr. Juppé and the foreign ministers of Germany and Spain, who are traveling with him, have been instructed by the European Union to tell Mr. Yeltsin that a key trade accord cannot go ahead until it receives assurances that human rights will be respected in Chechnya.

### Progress on Europol Is Urged

BRUSSELS — France will urge its European Union partners on Thursday to solve problems that are preventing the Union's fledgling police agency from leading the EU-wide fight against drugs, organized crime and terrorism.

Charles Pasqua of France, at a meeting of EU interior ministers, will push a plan designed to settle the pivotal issue of access to sensitive data, which is blocking ratification of a convention setting up the Europol agency, based in The Hague.

### EU 'Troika' to Go to Turkey

ANKARA — The foreign ministers of Germany, France and Spain will visit Ankara on March 23-24 for consultations with Turkey, which has signed a



A Russian Army officer signing a letter of protest Wednesday against the Russian-Chechen war.

trade pact with the European Union. Turkish officials said Wednesday. (Reuters)

BRUSSELS: Karel Van Miert, competition commissioner, speaks to a world conference on shipping.

BRUSSELS: Interior and justice ministers meet to discuss the fight against terrorism, asylum procedures and the Europol convention.

COPENHAGEN: The employment and social affairs commissioner, Padraig Flynn, discusses "productive jobs and decreasing unemployment" at the world summit meeting on social development.

VERONA, Italy: Agriculture Commissioner Franz Fischler addresses the European Agricultural Forum.

MADRID/LONDON: The trade commissioner, Sir Leon Brittan, speaks to the March Foundation conference before going to London, where he will speak to the Tory Reform Group.

Sources: Agence Europe, AFP.

## Calendar

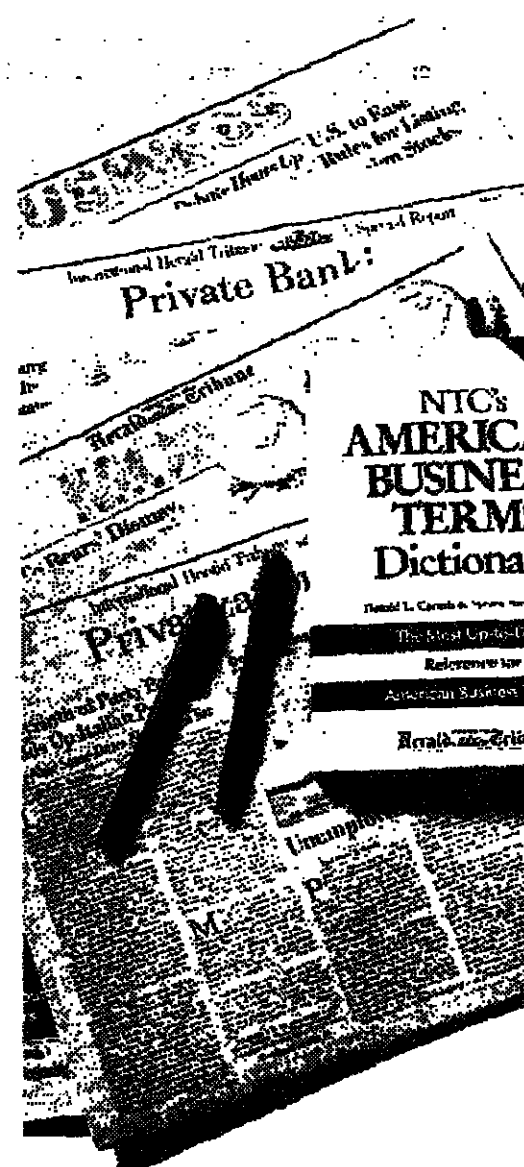
European Union events scheduled for Thursday:

BRUSSELS: EU environment ministers meet to discuss the fight against emissions of carbon dioxide and industrial pollution.

BRUSSELS: Christos Papoutsis, commissioner for small businesses, meets Niek G. Ketting, president of Eurelectric.

BRUSSELS: Yves Thibault de Silguy, commissioner for monetary and economic affairs, meets Karl-Heinz Wessel, president of the EU banking federation.

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## EUROPEAN TOPICS

### Finnish Law Puts Most of Nation Under a Giant No-Smoking Zone

Europe's toughest anti-smoking law has taken effect in Finland. Not only is smoking banned in the workplace, in public transport and at public meetings, but also in any open area frequented by minors.

If Finland's few remaining smokers do want a smoke during work hours, they must not only head for the chilly air outside but be sure to stay at least 15 meters (50 feet) from office buildings and meeting places.

Curbs on smoking began spreading through Europe in the '80s. Norway was one of the first to limit smoking; recently it raised the age for buying tobacco products from 16 to 18. Plugging a gap that cigarette manufacturers had been quick to exploit, it has banned advertising even for nontobacco products under the names of cigarette companies (thus, no more ads for, say, Camel boots).

Smoking curbs have been slower to take hold in Southern Europe. Europe's thickest cigarette clouds hang over Greece.

And bans in some European countries are unevenly applied. In France, a ban on workplace smoking has given rise to precisely one legal complaint — which came when a smoker doused a grumbling nonsmoker with water.

### Around Europe

Plans for a big airport serving the Berlin area — the most ambitious transportation project in German history — have brought together an unlikely alliance in opposition: The conservative Christian Democrats of

Berlin say the 15 billion Deutsche mark (\$10.9 billion) project, near Sperrenberg, south of Berlin, is far too expensive.

And environmentalists plan to marshal their biggest protests in years, the weekly Der Spiegel reports. They say the project will devastate the largely untouched Sperrenberg Forest, and they have vowed to chain themselves to every tree, if necessary. That will take a lot of chain. About 22 million trees are to be felled.

Fast facts: Britain has more personal computers per household, at 11.5 percent, than any other European country. ... By age 70, the average Frenchman has spent a total of eight days saying "Bonjour."

The Green Party of Britain, at its recent conference in Weston-super-Mare, staged an hourlong workshop in how to hug a woman without being insensitive.

A sumo-wrestler embrace involving full chest and pelvic contact is "totally inappropriate," even for the normally expressive Greens, said Miriam Kennet, a Greens director. The following, she said, constitutes an approved Green hug:

You, the Green man, put your hands on her, the Green woman's, shoulders. She, sensing a PC hug coming on, in turn places her hands on your shoulders. And you just sort of stand there, smiling into one another's eyes, squeezing shoulders as if testing cantaloopes.

A minimum amount of dead air space must be maintained between torsos at all times (this will vary according to arm length). "If the hug is done correctly," said Ms. Kennet, "it's the most incredible feeling. A Green hug is saying, 'We are working together and I want to support you and I want you to support me.'"

Brian Knowlton

## Anglican Bishop Reveals He Is Gay

LONDON — A retired Anglican bishop has acknowledged that he is gay, becoming the highest-ranking member of the church hierarchy to acknowledge his homosexuality publicly.

Gay activists welcomed 74-year-old Derek Rawcliffe's confession and called it another victory for gay rights after the head of Britain's Roman Catholics earlier this week condemned discrimination against gays.

Activists have in the past disrupted Catholic and Anglican services to protest what they see as oppressive teaching on homosexuality. Last November, the gay rights group Outrage named 10 bishops they alleged were gay.

Bishop Rawcliffe, who acknowledged his homosexuality in a BBC television interview Tuesday night, also said he favored church blessings for gay relationships.

Bishop of Glasgow from 1981 to 1991 and now assistant bishop of Ripon in England, he said he came to terms with his

homosexuality while working as a priest in Melanisia.

"It was when a young man there — I was over 50 — approached me, and I realized that I loved him very much, but I thought, this is wrong, and I was in a real turmoil," he said.

"So, I went to see my confessor about it, told him what had happened, and he said, 'Oh good, now you will have someone to love.'"

Bishop Rawcliffe angered some Anglicans.

"I think he is mistaken," the archdeacon of York, George Austin, said. "The scripture is quite clear in its condemnation of homosexual practices."

Archdeacon Austin, fearing that the church is veering toward total acceptance of gay relationships, has accused the Anglican hierarchy of fudging the issue. The General Synod, the church's ruling body, has said homosexual acts "fall short of the ideal."

While the church says it is not a sin to have a particular sexual orientation, it disapproves of homosexual clergy having active sexual relations.

Peter Tatchell, spokesman of Outrage, praised Bishop Rawcliffe for what he called "a brave and welcome step." He added, "We hope other closeted gay bishops will follow his lead."

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## INTERNATIONAL

## Peace Talks Race Against Clock

### U.S. Role as 'Honest Broker' Under Attack

By John Lancaster  
Washington Post Service

CAIRO — Amid fears that time is running short for a Middle East peace settlement, Secretary of State Warren G. Christopher arrived here Wednesday in hopes of delivering a jolt to stalled talks between Israel and both Syria and the Palestinians.

Mr. Christopher met Wednesday evening with Foreign Minister Amr Moussa in what was described as a preparatory session for his meeting Thursday with President Hosni Mubarak. He then travels to Israel, Jordan, Saudi Arabia, Syria, Israel again, and Syria.

The whirlwind tour of the region, Mr. Christopher's first in three months, comes at a critical time for the peace process. Israel has yet to agree to implement the next stage of Palestinian self-rule and appears to be far apart from Syria on Syria's insistence that Israel return the Golan Heights.

Relations between Egypt and Israel, meanwhile, have soured over Egypt's threat to withhold its approval for indefinite extension of the Nuclear

Nonproliferation Treaty if Israel will not sign the accord. U.S. officials fear the treaty could come unraveled without Egypt's support.

The general deterioration in relations between Israel and its Arab negotiating partners adds up to a formidable challenge for Mr. Christopher, especially since some Arab diplomats are beginning to say openly what many have said privately for some time: that Washington has abandoned its "honest broker" role in favor of tilting toward Israel in the negotiations.

In Jordan on Wednesday, Foreign Minister Abdul-Karim Kabariti publicly questioned Washington's commitment to peace and warned that the process could break down entirely if differences are not resolved before Israel and the United States head into 1996 elections, Reuters reported.

"If there is no tangible progress on the peace track in this limited period, then it would be very difficult to achieve anything because of the election pressures that will face the Israeli government and later the U.S. administration," he said in remarks described as the harshest since Jordan made peace with Israel last October.

"U.S. credibility as a full partner in the peace process and as the only superpower is now under scrutiny and test as to the effectiveness of the administration in influencing the course of developments in the world arena," he said. "What we see today is not encouraging."

The Israeli deputy foreign minister, Yossi Beilin, sent a similar warning earlier this week when he asserted that the deadline for achieving peace settlements was the start of the campaign season this summer.

U.S. officials acknowledged that they face a difficult task and said that Mr. Christopher would be paying particular attention to the Palestinian-Israeli negotiations during the first few days of his trip. Mr. Christopher is scheduled to meet Friday with Yasser Arafat, the chairman of the Palestine Liberation Organization, "so there will be kind of a continuous effort to move things along on this track," a senior official said after Mr. Christopher's meeting with Mr. Moussa.

The official added: There is "a good deal of work that needs to be done. We're in a phase that's difficult and one that we just have to keep working at."



**JITTERY SECURITY** — An Israeli border policeman aiming his automatic weapon at a photographer as the police kept tabs Wednesday on about 20 Palestinian women who marched in the town of Ramallah in the West Bank on International Women's Day. The marchers denounced the Israeli occupation and the peace agreement with Israel.

## Drug Theory Is Pressed By Simpson Attorney

The Associated Press

LOS ANGELES — O.J. Simpson's attorney suggested Wednesday that Nicole Brown Simpson and her friend Ronald L. Goldman had their throats slashed by drug killers to send a message to a cocaine-using friend of Mrs. Simpson's.

Without offering any evidence, Johnnie L. Cochran Jr., the lead defense attorney, floated the theory during his cross-examination of a senior detective in the murder case who has repeatedly said that he ruled out any drug connection in the June 12 killings.

Mr. Cochran, posing a hypothetical case to the detective, Tom Lange, asked if he would consider it relevant if Mrs. Simpson's friend Faye Resnick, who briefly lived at Mrs. Simpson's home not long before the slayings, had freebassed cocaine in the house.

"If you found out that she had no job for which to pay for these drugs, would that be a factor?" asked Mr. Cochran.

Mr. Lange answered: "If I had been pursuing that line, that certainly would be a factor." Mr. Lange made it clear that he did not consider the slayings drug-related.

Ms. Resnick admitted in her book that she had used cocaine last spring but did not say she used it in Mrs. Simpson's home.

Commenting on Mr. Cochran's theory, Ms. Resnick's attorney, Arthur Barans, said defense lawyers "appear to be grasping at straws to create a hypothetical defense, since there is no evidentiary defense."

During his questioning, Mr. Cochran said Ms. Resnick lived with Mrs. Simpson from June 3 to June 8 before entering a drug-treatment center.

Mr. Cochran also got Mr. Lange to acknowledge that he was aware that a "Colombian necklace" was a form of killing in which the victim's neck is slashed to send a message to others.

"When drugs are not paid for, there are repercussions," asked Mr. Cochran. "Hence, sometimes, the Colombian necklace."

The questioning by Mr. Cochran on Wednesday, so intense at times that Judge Lance A. Ito ruled that Mr. Cochran was "badgering" Mr. Lange, marked the defense's most aggressive assertion that drug use, admitted by Mrs. Resnick, was the reason for the killings of Mrs. Simpson and Mr. Goldman.

Earlier, under questioning from the prosecution, Mr. Lange said the killings had none of the hallmarks of a drug slaying.

"In my mind," Mr. Lange said, "it appeared to be motivated by rage, and not narcotics-related."

In another development, Judge Ito ruled Wednesday that Mr. Simpson's lawyers may see material from police investigations of another detective involved in the case, Mark Fuhrman, including interviews about allegations that he once commented about Mrs. Simpson's figure.

Judge Ito ruled the defense may see parts of interviews of crime scene police officers who were questioned about whether Mr. Fuhrman could have moved a bloody glove from the crime scene to the Simpson estate.

Judge Ito said he would review the material for relevance before turning an edited version over to the defense, which has suggested Mr. Fuhrman was a racist who might have planted the glove to frame Mr. Simpson.

## A Nice 'Burnt' Wine for Dinner? Romanian Vintner Hopes So

By Nathaniel C. Nash  
New York Times Service

VALEA CALUGAREASCA, Romania — With a slight air of apology, Viorel Stoian eased the cork and a piece of faded plastic out of a bottle of cabernet sauvignon that had rested in the cellar of the National Wine Institute of Romania for almost two decades.

"Like almost everything in Romania, the corks we had were so bad that we had to put plastic in with them to keep the wine from running out," he explained.

Mr. Stoian poured some of the deep-red liquid into a small glass, swirled it around and raised it to his nose, a faint smile crossing his face. After a sip, he offered it with satisfaction to his guests.

"It gives you the sense that something is burnt, something very fine," said Mr. Stoian, a 59-year-old vintner. "There is also the faintest touch of an iodine. It's a godly wine."

A "touch of iodine" may not be how most people would describe a fine 1977 cabernet, but Romania remains a world apart when it comes to promoting its products.

Mr. Stoian and his wine institute, set in the middle of 1,800 acres of hills carpeted with vineyards, are fighting an uphill battle in the growing business of East European wines.

Since the fall of communism in 1989, Hungary and Bulgaria in particular have rushed their inexpensive table wines into the Western market, offering consumers cabernets, merlots and sauvignon blancs at a fraction of the cost of their French or Californian counterparts.

Bulgaria has thrown open its markets to Western investors and entrepreneurs and now exports 70 percent of its production. Hungary has heavily subsidized its wine exports and is selling 40 percent of its production on the world market.

But, despite what many experts say is its far superior climate for viticulture, Romania seems stuck in the past.

One reason is its political legacy. Although most vineyards are now in private hands, the government of President Ion Iliescu, led by former Communists, has refused to permit foreigners to own land. That means outside

investors must find local partners who already own vineyards.

Wine merchants say that when investors seek to buy assets in Romania, the government overvalues them. Few doubt, however, that the investment restrictions will eventually be eased.

"We are in a transition period from a very stupid government to a medium-stupid government," Mr. Stoian said. "Meanwhile, our vineyards are deteriorating."

Romanians have long been attached to wine. A bottle typically costs less than the equivalent of \$1, and annual consumption is very high, more than 40 bottles per person — more than twice the rate of consumption in Britain.

Romania is also the world's eighth-biggest wine producer, at 600 million liters, or roughly 150 million gallons, a year. But it exports barely 4 percent of that amount.

And since the 1989 revolution in which the dictator Nicolae Ceausescu was executed, the government has been so short of money that state financing for the wine industry has been stagnant.

With 10 research centers across the country and 500 employees, the wine institute has a budget of less than \$1 million. It also has income from a limited amount of wine from its own vineyards that it sells both on the local and international markets.

"There is essentially no money for us, so how are we going to compete?" Mr. Stoian asked as he opened a bottle of white made out of a Romanian grape called sarba that he hopes to develop. It is a tart, young wine that looks somewhat cloudy.

"It's a whimsical grape," he said. "After you swallow it, you get the sense of rose."

The institute is in the Dealul Mare region, which is on the same latitude as France's Bordeaux region and is considered optimal for producing red wines. In the cool mountain plateaus of Transylvania, only whites are grown.

Though many consumers may not be familiar with Romanian wines, Mr. Stoian's reputation, and that of several of his institute's varieties, extend well beyond the country's borders. He is best known for develop-

ing Romania's pinot noir, considered one of the most fickle of grapes.

"This is a very difficult wine to produce because it is prone to disease and it yields a very low quantity of grape," said Dan Munteanu, commercial manager for Haleswood Vineyards of Yorkshire, England, the main importer of Romanian wines in Britain. "But that is Romania's best red wine, and that is mostly thanks to Viorel."

Mr. Stoian, whose normal attire of an olive-green polyester sports jacket over an old charcoal-gray sweater gives him the look of a community college professor, said one of his goals over the next few years is to develop Romania's Feteasca Neagra wine, which is already gaining an international reputation. Mr. Stoian argues that it should be classed among the great reds of the world.

He said the best indication of its potential as a world-class wine came in 1990, when he allowed one of his assistants to enter a 1983 under the cabernet classification at a competition in Italy.

At the contest, he recalled, the wine won "all kinds of prizes."

## TOKYO: Japan Looks Stoically at Firebombing of '45

Continued from Page 1

"But in fact it was Japan that was the first to kill noncombatants, when it bombed cities like Chungking in China."

Britons and Americans often feel a measure of guilt about the firebombing of Dresden, in which about 35,000 Germans died, but there is much less remorse about the far greater casualties in Tokyo. Perhaps in part that is because Dresden was an unusually beautiful city whose spectacular scenery was destroyed, while American military planners spared the comparably beautiful Japanese city of Kyoto from attack.

Yet there is also a sense, evident as well in arguments of

those who justify the atomic bombings, that the conflagration shortened the war and saved American forces from having to invade the main islands of Japan. Though the issue is hotly debated, such an invasion might have cost far more lives, Japanese and American, than any firebombing.

Earl Johnson, then a 27-year-old operations officer, was aboard one of the B-29 bombers that attacked Tokyo 50 years ago, and after a talk in Tokyo on Wednesday he answered a question about the morality of the mission.

"No war is fun," answered Mr. Johnson, who eventually rose to become a major general.

"People get hurt, civilians get hurt, children get hurt. The United States was in this war to win it, and if that's what it took to win, that's what should have been done."

Even today, there is tremendous uncertainty about the toll of the firebombing. Estimates of the death toll range from about 83,000 to nearly 200,000, with most coming in at about 100,000.

The Japanese education system is often accused of playing down atrocities by the Japanese Army, but school textbooks also pay scant attention to the Tokyo firebombing. The elementary school history textbook used in Japanese schools merely says in a phrase that air raids "largely destroyed" Tokyo, while the junior high textbook devotes precisely one sentence to the city's destruction.

March 10 is now Peace Day in Tokyo, and the Tokyo Metropolitan Edo-Tokyo Museum is commemorating the 50th anniversary with a major exhibit.

A modest flow of 1,800 people a day file past the detritus of the firebombing: coins melted in the heat, bomb casings, a lean-to shelter for the homeless, and photos of rubble where once a city had stood.

## TERROR: FBI to Lead Inquiry as Gunmen Slay 2 Americans in Karachi

Continued from Page 1

"outrages all Americans." The attack came at an awkward time for Prime Minister Benazir Bhutto, who is scheduled to visit Washington next month. Her government has been criticized for its failure to control the rampant violence in the country's commercial capital, a city of 5 million people.

The White House said Wednesday that the shooting would not affect Hillary Rodham Clinton's scheduled visit to Pakistan, India, Sri Lanka, Nepal and Bangladesh at the end of this month.

Details of the attack were pieced together from Karachi policemen, witnesses and a report given to U.S. officials by the Pakistani van driver, who was not wounded.

and who quickly drove the victims to a hospital.

According to the police, three gunmen stole a taxi from Karachi International Airport about 50 minutes before the ambush. The taxi reportedly followed the van for several blocks, and the gunmen first opened fire from a distance.

The taxi then swerved in front of the van and cut it off while another car blocked the van from another direction. At least three masked gunmen stepped out of the two vehicles and began firing at the van, shattering its side windows and spraying the windshield with bullet holes, according to a report compiled by American officials.

The terrorists acted "very purposely,"

slowly, real cool" as they pumped bullets into the van, the report said. Consulate officials said that the bus normally carried nine passengers but that some were on vacation because of holidays at the American school.

Sources said that a traffic policeman, Tanvir Ahmed, spotted the police car fitted with the machine gun and ran to it, pointing at the fleeing taxi.

The sources said Mr. Ahmed told his superiors that the senior officer in the police vehicle responded: "Stupid, shall we get killed by chasing these people?"

Officials said the police in the vehicle did not radio for help, but instead drove to their station to report the incident.

## SCANDAL: Suicide of Ex-Air Force Chief Shakes Belgian Government

Continued from Page 1

Belgian Air Force in 1988, when Dassault affiliates won contracts to modernize F-16 and Mirage fighter jets, and Italy's Augusta won an 8 billion Belgian franc (\$280 million) contract to provide 46 helicopters to the Belgian Army.

The corruption investigation centers on allegations that Agusta paid 51 million Belgian francs to the country's Flemish Socialist Party.

Etienne Mangé, a former Socialist official under arrest in the case who has acknowledged taking the money, reportedly told investigators last week he had seen evidence that a French contractor had

made a payment of 10 million French francs.

On Monday, police seized documents from the Brussels offices of the French aerospace company Dassault and its Belgian affiliate.

On Tuesday, Alfons Fucini, a lawyer being held on suspicion of helping to channel money to the Socialists, implicated General Lefebvre while being questioned by investigators in the eastern city of Liège, according to government sources and Belgian media reports.

According to the domestic news agency Belga, General Lefebvre was questioned by investigators in mid-February, when the payments were first disclosed.

Mr. Claes and two fellow Socialists, Foreign Minister Franck Vandenbroucke and the party president, Louis Tobback, have said they were aware of offers of gifts from Agusta but had refused them.

Three senior officials of the country's French-speaking Socialist Party, including then Deputy Prime Minister Guy Coens, were forced to resign last year over allegations about payments from Agusta. They also have denied any wrongdoing.

The scandal has grown out of an investigation into the 1991 killing of André Coels, a one-time deputy prime minister and head of the Socialists in Liège at the time of his death.

## Paul-Emile Victor, French Explorer Of Polar Wilderness, Is Dead at 87

Reuters

PAPEETE, Tahiti — Paul-Emile Victor, 87, the French explorer who spent five decades documenting the Earth's polar wilderness, died of heart failure Tuesday on the French South Pacific island of Bora Bora.

From his first visit to Greenland in 1934, he covered almost 500,000 kilometers (more than 300,000 miles) over ice and snow by the time of his last visit to Antarctica in 1987 to mark his 80th birthday.

He documented the polar regions and life he found there, spending winters with Eskimos, in books, paintings and scientific papers that became classics.

Mr. Victor moved to the is-

land of Bora Bora at the age of 70. He wrote studies in geology, anthropology and glaciology. But most from the Arctic focused on how the Eskimos survived in the frozen tundra.

Mr. Victor led more than 3,000 people on scientific expeditions to both poles. In 1947, he founded the Expéditions Polaires Françaises to oversee French scientific missions.

Roger Lea MacBride, 65, who became guardian of Laura Ingalls Wilder's "Little House" series of young-adult novels and later drew on them in his own writing, died of heart failure Sunday in Miami Beach. He ran for the U.S. presidency in 1976 as the Libertarian Party's nominee.

Nehar Tabbek, 71, a leading Turkish political cartoonist, died of a heart attack Monday in Istanbul.

Herb Meslow, 83, a veteran scriptwriter who created the TV

series "Have Gun Will Travel," died of a heart attack Wednesday in Los Angeles. His film credits include "Redhead from Wyoming" with Maureen O'Hara, and "The Unguarded Moment" with Esther Williams.

Vivian Stanshall, 52, leader of the 1960s pop group Bonzo Dog Doo-Dah Band, died Sunday in a fire at his London apartment. His best-known hit was the 1968 Paul McCartney-produced "I'm The Urban Space-man."

Margery Marshall Solomon, 86, one of America's leading bridge players, died of pulmonary fibrosis Saturday in Elkins Park, Pennsylvania. Mrs. Solomon represented the United States in international bridge competition on several occasions. In 1972, in Miami Beach, she was a member of the American team that finished third in the World Team Olympiad.

## Rights Panel Assails Sudan For Torturing

Reuters

GENEVA — The United Nations Human Rights Commission condemned Sudan on Wednesday for human rights abuses, issuing one of the fiercest censure resolutions the panel has ever adopted.

The resolution was passed by the commission, the UN's highest human rights forum, as it wrapped up its annual six-week session.

The commission expressed "deep concern at continued serious human rights violations in the Sudan" including summary executions, slavery and systematic torture.

A UN report on Sudan said many of the violations stemmed from a long-running conflict between the Islamic government and the opposition Sudanese People's Liberation Army.

## SERBS: Report Assesses Blame

Continued from Page 1

report, quoted it as saying that "Serbs carried out at least 90 percent of the ethnic cleansing in Bosnia." Ethnic cleansing is the term generally used for the practice common in the Bosnian war of killing, forcibly evicting and persecuting ethnic groups other than one's own.

The report, he said, continued by saying that "conclusive evidence" had not been found of the direct involvement of Bosnian Serb or Serbian leaders in the planning and execution of large-scale ethnic cleansing.

"But," the report says, "the systematic nature of the Serbian actions strongly suggests that Pale and perhaps Belgrade exercised a carefully veiled role in the purposeful destruction and dispersal of non-Serb populations." Pale is where the Bosnia Serbs have their headquarters.

The report, the officials said, also contains specific evidence that some Bosnian Serbian leaders, including Radovan Karadzic, knew of the coop-

eration camps through which many Muslims and Croats evicted from their homes in 1992, were processed. The evidence includes instructions of admissions to the camps.

Mr. Milosevic and Mr. Karadzic have consistently denied any responsibility for the killing, eviction and imprisonment of Muslims in the 70 percent of Bosnia now held by the Serbs. In an interview last December, Mr. Karadzic attributed the departure of close to three-quarters of a million Muslims from this territory to "chaos and fear" in the midst of an uncontrollable war.

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EXPIRES 1995



## Currency Turmoil/The Widening Deutsche Mark Zone

## As Dollar's Decline Alarms Europe and Asia, America Pays Little Heed

By Alan Friedman  
International Herald Tribune

PARIS — When it comes to perceptions in Europe and the United States about the feeble dollar, the Atlantic Ocean has rarely seemed so wide.

In the United States, there is simply less concern in the business world and society at large about the dollar's recent drop. In Europe, as well as in Asia, the U.S. currency's fall has generated widespread alarm.

This difference in outlook is not shared at the official level, where both the White House and Chancellor Helmut Kohl's office jawboned in favor of a stronger dollar Wednesday, with backing from the Federal Reserve and the Bundesbank. But outside policy-making circles, the contrast is apparent.

The Clinton administration's slow reaction time on the dollar crisis appears to reflect several factors:

• While the dollar may be hobnobbed compared with the Deutsche mark or the Japanese yen, it remains strong against the currencies of America's two prin-

cipal trading partners — Mexico and Canada.

• With few exceptions, corporate America does not care so much about dollar weakness because a weak currency helps U.S. exports and also means that domestic competition from foreign imports is lessened as imports cost more in dollars.

• Unlike Europe, where interest rates are regular-

## NEWS ANALYSIS

ly raised to defend currencies, the Federal Reserve rarely changes monetary policy solely to defend the dollar's value.

• Even if the Fed did want a rate increase, such a move could dampen the already slowing U.S. economy and might even push the United States toward recession by next year.

In Europe, the situation is radically different. This is mainly because there is already a serious intra-European problem caused by the new reality that weaker currencies are being battered by the German currency. In other words, Europe has become a de-

facto Deutsche mark zone at a time when governments are trying to steer their countries toward a single European currency.

As a result of the mighty Deutsche mark, all other European currencies — not just the traditionally weak ones, such as the Italian lira or Spanish peseta — are suffering collateral damage from the dollar's fall against the German currency.

This phenomenon is also hitting the British pound and the French franc, both of which are now clearly subservient to the Deutsche mark and also weakened by the confused state of domestic politics in London and Paris.

Meanwhile, although a weaker dollar does mean that the cost of dollar-priced energy imports become cheaper in Europe, European industrialists, and Germans in particular, are seriously worried about losing competitiveness in export markets.

Finally, whereas the American economy is large enough to put currency considerations on the back burner for most people, currency strength in Europe is traditionally a matter of national pride.

In Asia, concern is also more palpable than in the United States. Japanese companies are extremely worried about losing competitiveness because of the yen's strength against the dollar, and they are equally concerned about losing out as they seek to repatriate dollar-based earnings.

Monetary authorities in Germany and Japan, meanwhile, have been faced with a dilemma. The coordinated foreign exchange intervention last week involving the Fed, the Bundesbank, the Bank of Japan and a dozen other central banks failed to stop the dollar's slump for a variety of reasons.

Apart from the standard laundry list of explanations for the dollar's weakness, including the cost to Washington of intervening in the Mexican crisis and the persistently high U.S. trade deficit with Japan, there is another important factor. This is the firm belief in financial markets that the Fed has just about finished its yearlong cycle of interest rate increases, while the Bundesbank is preparing to begin raising rates, probably by late spring or summer.

But it has become almost axiomatic that central bank intervention in foreign exchange markets tends to fail unless it is followed by coordinated monetary policy. And given that the economic cycles in Germany and Japan continue to lag that of the United States, where growth has been buoyant, neither the Bundesbank nor the Bank of Japan seems inclined to raise interest rates immediately.

Those European central banks that did push up short-term interest rates Wednesday, including those in France, Denmark and Belgium, were reacting mainly to their own currency's weakness against the mark.

Yet when the dust eventually settles on this week's currency turmoil, a more structural reality will also remain, and that is the well-recognized need for the United States, France, Italy and most other leading industrialized nations to continue battling public sector budget deficits in a consistent manner. The bigger the deficits, the more vulnerable the currencies will remain, irrespective of the day-to-day drama of foreign exchange markets.

## Brussels Wears a Serene Face in Turmoil

International Herald Tribune

BRUSSELS — European Union officials responded to the continued turmoil in currency markets in surprisingly low-key fashion Wednesday, an attitude that sought to dispel suggestions of a crisis but also underlined the Union's powerlessness to act.

The EU Monetary Committee, the panel of senior treasury and central bank officials that devalued the Spanish peseta and the Portuguese escudo

Monday, called off a regularly scheduled meeting Wednesday even as several EU governments raised interest rates to defend their currencies.

An EU source said there was "concern that a meeting might be misinterpreted" in financial markets and trigger speculation about the possibility of fresh devaluations.

The EU commissioner for monetary affairs, Yves-Thibault de Silguy, declined to answer questions about the mar-

ket turmoil at a news conference on employment. He simply reiterated a statement from Monday, saying that the devaluations showed that Europe's exchange-rate mechanism was adjusting as designed.

"The real problem, we all know, is the persistent weakness of the dollar," Mr. de Silguy said. The resulting havoc in Europe merely demonstrated the need for a single EU currency, he added.

Until then, officials said, Eu-

rope's response to the dollar's woes will have to come from Frankfurt, home of the Bundesbank, and not from Brussels.

"What can Europe do?" the EU source said. "It's basically a question you have to put to the Germans."

A cut in German interest rates, the source said, is the only action likely to stem the flight of funds from the dollar to the Deutsche mark in the near term.

—TOM BUERKLE

Good Yen News and Bad (Even in Japan)  
Five-Day Surge Is Mixed Blessing for Exporters and ImportersBy Steven Brill  
and Kevin Murphy  
International Herald Tribune

For Tower Records, the timing could not be better. The American retailer of compact disks, books and videos is opening the world's biggest record store in Tokyo on Friday. The yen's 8 percent spike over the past five days has made its merchandise that much more attractive to Japanese consumers.

But for China's Qinghai Motors Co., the timing could not be worse. The state-owned minibus and light-truck maker imports more than 60 percent of the parts it uses to make Isuzu-brand trucks. With the Chinese yuan loosely pegged to the U.S. dollar, its costs have risen almost as much as the yen.

Across Asia, the yen's surge against the dollar is a mixed blessing. For companies trying to sell goods to Japan from countries with currencies tied to the dollar, life might become a bit easier. But for corporations and governments dependent on Japanese components, technology and finance, the bills are going up.

"In the short term this could be good news for exporters in countries such as Taiwan and Korea, which compete against Japan," said Ranjan Pal, regional economist with Jardine Fleming Securities Ltd. in Hong Kong.

"But it will possibly be bad news for Thailand and Hong Kong, where strong links to the U.S. mean they risk added inflation through imports."

Even for Japanese companies, assessing the economic

fallout is a daunting proposition.

"To calculate the impact from the appreciating yen on sales and profits of the technology companies is akin to estimating a telephone number," said David Benda, an analyst at Barclays de Zoete Wedd. "The number of assumptions one has to make essentially invalidates any conclusions."

Despite the complexities, South Korean companies appear likely to be the biggest beneficiaries of the yen's surge. That is because the country competes head-to-head with Japan in a number of industries, including semiconductors, cars, ships, petrochemicals and machinery.

According to the Ministry of Trade, Industry and Energy, each 10 percent jump in the value of the yen translates into \$2.3 billion in additional exports for South Korean companies. But the nation's imports would rise by \$1.3 billion because of the higher price of imported components.

In Southeast Asia, the picture is more muddled. Fewer industries compete directly with Japan and, as with companies in South Korea and Taiwan, there is a high level of dependence on Japanese components.

Assessing the winners and losers with a stronger yen is also made complex by differing degrees of dependence on Japanese capital and technology.

In Indonesia, for example, about 40 percent of the government's \$87.6 billion in foreign debt is denominated in yen. In contrast, 90 percent of its foreign exchange earnings flow into the country in dollars.

The disparity is a major reason investors sold the rupiah heavily Wednesday, prodding the currency to lows hit during the panic that hit global markets after the Mexican peso's collapse in January.

The story is similar in China, where up to \$25 billion of its foreign loans are denominated in yen.

Yet, worries over high debt-repayment costs are balanced by hope for fresh inflows of direct investment from Japanese corporations seeking production capacity in its low-wage neighbors.

"We expect Japan to seek more investment opportunities overseas, especially in manufacturing," Li Guangli, an official with China's International Trade Research Institute, told Bloomberg Business News.

"China, Vietnam and Taiwan will be the main targets," he said.

In Japan, however, there is little doubt that a stabilization of the yen at current levels would make the nation's tentative economic recovery even weaker and delay the rebound in corporate profits.

Companies have for years been moving production offshore and trimming domestic costs to cope with the appreciating currency. But the 10 percent jump this year in the value of the yen is simply too rapid for most to manage.

Toyota Motor Corp., Nissan Motor and other big car makers, for example, will have no choice but to raise prices on exports if the yen remains at current levels for more than six months.

"It's positive in that it lowers their procurement costs, but it's going to delay the profit recovery we'd been expecting," said Stephen Usher, analyst at Kleinwort Benson Securities.

Still, many Japanese companies will do just fine. Nikon Corp. and Canon Inc., for example, together control 90 percent of the world market for still cameras, the photolithography machines used to etch semiconductor wafers. With demand for microchips booming, manufacturers have few alternative sources of supply.

Murata Manufacturing Co.,

Japan's largest maker of ceramic capacitors, has not only leading technology but foreign production bases as well. It boasts it can be profitable even at 40 yen to the dollar.

Long term, the appreciation of the yen, which began in earnest a decade ago with the Plaza Accord, has served as bitter medicine that has only made Japanese industry healthier.

"The overvalued yen encourages them to search for more efficient ways of doing business, but when it reverses it will reward the Japanese companies," Mr. Benda said.

## DOLLAR: Central Bankers Prop Up Currency Without Spending Money

Continued from Page 1

Reserve Board over the past week that gave the impression that the dollar was not a prime target of central bank policy.

He was accompanied to Capitol Hill by Edwin Truman, chief of the Fed's international division, who rarely accompanies Mr. Greenspan when he testifies. Mr. Truman sat behind Mr. Greenspan and carefully followed all of his testimony.

He told Congress he had been "startled" by the market reaction to his testimony last month that the Fed might ease rates — the word did not pass his lips Wednesday — and repeated his remarks that "the jury remains out" on whether the economy is slowing sufficiently.

In unusually pointed comments directed at prodding Congress and reassuring financial markets, Mr. Greenspan also stressed the importance of shrinking the budget deficit. World capital markets cannot be expected to finance the U.S. economy forever, he said, and given the dollar's weakness, "world capital markets may be sending us just that message."

For the Japanese, all this added up to answered prayers. Kozo Igarashi, the chief

government spokesman, told reporters that "action on the part of the United States is sorely requested" to stabilize the dollar.

For the markets, it moved the battle into another phase, which will probably come on Friday with the monthly unemployment figures. They are expected to signal whether the Fed might find the economy overheating when it next meets on March 28 to consider interest rate policy.

Big traders, especially in hedge funds, have made huge profits shoring the dollar as it dropped about 10 percent against the yen and 7 percent against the mark since the start of the year. With the new signals emerging Wednesday, many decided to take their winnings and sell out their short positions.

They face little risk if it strengthens again and could well jump on the bandwagon, which no doubt would then be whipped ahead by Mr. Rubin, who alone has the authority to order intervention by the United States and thus would win his bet against the markets.

Traders have also expressed concern that by committing money to Mexico, Mr.

Rubin does not have enough yen or marks left to play the markets, but Mr. Greenspan assured Congress that the United States has ample reserves, or could arrange swaps to obtain them. In fact, the Fed can draw on at least \$32 billion from foreign central banks to intervene in the market, holds an unknown sum in its own reserves, and can also draw on some of the \$15 billion left in the stabilization fund after fulfilling commitments to Mexico.

Against other currencies, the dollar closed Wednesday at 1.1638 Swiss francs, up from a Tuesday close at 1.1405 francs, and at 4.9630 French francs, up from 4.8955 francs. The pound fell to \$1.6083 from \$1.6395.

The estimated \$2 billion bought by the Fed and more than a dozen central banks on Friday had done little to stem the dollar's plunge. For many traders, it even dented the credibility of central bank intervention as a means of boosting the currency.

Traders said that another concerted dollar-buying effort would help the dollar only if it was well-timed and aggressive, traders said.

## EUROPE: Interest Rate Increases Halt Deutsche Mark's Surge — for Now

Continued from Page 1

the base for all other market interest rates — and by instead shifting to a variable rate and at the same time injecting liquidity to assure that the rate slips below its current 4.85 percent.

The mere suggestion that German rates could dip, she said, might add enough uncertainty to dim the glitter of the mark. She said there was "a limit to how effective" the rate changes announced by France, Belgium and Denmark could be "without some supporting gesture from the Bundesbank."

The Danish central bank raised its dis-

count rate 1 percentage point to 6 percent and lifted its repurchase and certificate of deposit rate 1.5 percentage points to 7 percent.

In Belgium, the central bank's main lending rate, the central rate, was increased 1 point to 5.85 percent.

Compared with the crises in the European exchange-rate system in 1992 and 1993, the volume of speculation remains small, bankers reported. This makes it more difficult for the central banks to have much effect, since rate increases do not cause pain.

The Danish central bank raised its dis-

Asia Stocks  
Caught in  
The Dollar  
Downdraft

Compiled by Our Staff From Dispatches

HONG KONG — Worries about the U.S. dollar, driven to a postwar low of 88.75 yen in Tokyo before rebounding above 89 yen, pulled down most Asian stock markets Wednesday.

Cautious investors on the Tokyo and Hong Kong stock exchanges offered little support, allowing the Nikkei 225-share average to fall 1.97 percent and the Hang Seng Index to drop 2.56 percent.

Concern about the dollar left Tokyo shares lower in thin, arbitrage-linked selling, brokers said. The Nikkei average ended down 333.97 points at 16,621.31.

That left the Nikkei just three points above the level it hit a week ago when it spiraled down to a 15-month low.

"This is an exporting country," said Robert Sasaki, a derivative specialist at Jardine Fleming Securities in Tokyo. Referring to the Nikkei, he added, "Given the way the currency is reacting, we're surprised it's not much lower."

Hopes that the Bank of Japan might lower interest rates to stem the yen's rise prevented a steeper decline, according to George Lobley, an analyst at Wako Securities.

After the market closed, however, the governor of the Bank of Japan, Yasuo Matsushita, ruled out the use of monetary policy to support the dollar.

Shares of electric machinery and auto companies bore the brunt of the decline in Tokyo, with each sector slumping by an average of 1.6 percent.

Toyota Motor Corp. shares fell 30 yen to 1,680 yen, and Nissan Motor Co. declined 31 yen to 661 yen.

Sony Corp., which earns 69 percent of its profits abroad, fell 70 yen to 4,290 yen. Sharp Corp., which gets almost half its earnings from overseas sales, declined 30 yen to 1,400 yen.

"Nothing but arbitrage-linked selling was seen in the market," a trader said. "The high yen did not cause panic selling, but made investors cautious about trading."

In Hong Kong, stocks ended sharply lower on overseas selling, dealers said. The blue-chip Hang Seng Index fell 208.67 points to 7,929.99.

The dollar's sharp decline makes Hong Kong equities less attractive because the local dollar is pegged to the U.S. currency.

South Korean stocks were among the few winners, with the Composite Stock Index adding 3.95 points, or 0.4 percent, to close at 940.08. It was the sixth consecutive session of gains. (Reuters, Bloomberg)



A broker in Milan gesturing on Wednesday as markets reacted to currency turbulence.

## Rumor Mill Pummels Peso

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fetched 7,020 pesos at the end of trading Wednesday, up from 6,780 Tuesday, as the Mexican currency was depressed by rumors and lack of progress on an economic plan.

Traders were unnerved by talk that the Bank of Mexico might be preparing to introduce foreign-exchange restrictions and that a medium-sized Mexican bank was in danger of defaulting on some debts.

The peso was also hurt by the absence of any new wage and price controls that have been promised by President Ernesto Zedillo.

## THE TUNNEL

By William H. Gass. Illustrated  
653 pages, \$30. Alfred A. Knopf.Reviewed by Christopher  
Lehmann-Haupt

At the opening of "The Tunnel" — William H. Gass's first novel since his much-praised "Omensetter's Luck" was published nearly 30 years ago — William Frederick Kohler, a distinguished historian at a Midwestern university, sits at a desk in the cellar of his house and contemplates the manuscript of his all-but-completed masterpiece, "Gull and Innocence in Hitler's Germany."

All he has to do is write the book's introduction. But as he begins — "This is to introduce a work on death by one who's spent his life in a chair" — he finds that he cannot proceed.

Instead he starts writing an introduction, a rambling, incoherent monologue that incoherently mixes memoir, confession, philosophical speculation, lec-

tures on the meaning of history, philological rumination, pornographic verse, song lyrics, typographical tricks, puns, diagrams and comic drawings.

In the midst of this literary self-examination, Kohler describes how he has begun to dig an actual tunnel out from the cellar of his house. The resulting text, while by no means as difficult to decipher, sounds many of the overtones of James Joyce's "Finnegans Wake."

Much in "The Tunnel" is depressing. As the fragments of Kohler's autobiography begin to cohere, we realize he has a loveless marriage that has produced two hateful male children, the name of the younger one of which he cannot even bring himself to utter, apparently because his wife has mockingly called the child Adolf.

His mistress has dismissed him: "My throat was suddenly full of puns, bad jokes, and all sorts of snappy retorts like risen bile. It was awful. It was awful. She was giving me the sack."

And I realized, as I formed the words, how she was also kicking me out of hers."

His poisonous academic colleagues are by turns waspish and viperish as they quarrel among themselves and level charges against Kohler of seeking sexual favors from his students, a transgression he alternately lies about and confesses.

Deeper into Kohler's background, we learn that he was a friendless, brilliantly precocious child, with an alcoholic mother and a father who ridiculed him for not being manly.

So why, given the considerable grime of "The Tunnel," does the reader still track its endless coils of prose? For one thing, the haunting evocations of a small-town childhood so sensually rich in detail that the prose is sometimes hypnotic.

But more compelling still is the tension Gass has created between literary art for its own sake and transcendent psychological truth.

On the one hand, he employs many of the techniques he introduced in an earlier work, "Willie Masters' Lonesome Wife" (1971). This was an essay-novella, as he called it, intended to break apart conventional narrative and plunge the reader into a new experience of art, which Gass has always believed to be separate from life and autonomous.

On the other hand, the reader remains curious why Kohler is subverting his history of Nazi Germany, and why he feels the need to tunnel out of his present life, metaphorically and literally.

The problem, to put it more bluntly than the novel ever does, seems to be that Kohler identifies with the Nazis in too many ways to publish a book passing judgment on them.

As he picks away at the scabs of his own hatred and bigotry, he concludes that whatever attracted people to Hitler was in no way unique to Germany.

Yet the shock of this message concerning what Kohler calls

"the fascism of the heart" does not mean that psychology overwhelms art in "The Tunnel." Instead the message challenges Gass to deepen his conception of art so as to contain such destructive emotions.

This is where Kohler's excavation comes in. At first he seems merely to be identifying with the Holocaust victims he has written about in his history, and learning whether he himself could have escaped from a death camp. But

gradually he comes to see his tunnel as a way of getting past his bitter state of mind.

So in one of its many senses, "The Tunnel" confronts the question "whether the savagery of the 20th century can still be encompassed by an art that is willing to dig deep enough."

Christopher Lehmann-Haupt is on the staff of The New York Times.

## BOOKS

## BRIDGE

By Alan Truscott

IN the diagrammed deal North's double of the one-spade overall would be for penalties in standard bidding. That contract would probably have failed by two tricks and the partnership did better by reaching four hearts. That contract would seem doomed by

NORTH (D)  
♦ A 8 5  
♥ K 10 9  
♦ 5  
♠ A Q 2

WEST  
♦ K Q J 3 2  
♥ —  
♦ K R 5 4  
♠ K J 5 3

EAST  
♦ 8 7  
♥ Q J 8 5 3  
♦ —  
♠ —

Neither side was vulnerable. The bidding:  
North 1 ♦ Pass South 1 ♦ Pass  
West 1 ♦ Pass East 1 ♦ Pass  
West led the spade king

the bad trump split, but South overcame it, helped by the information from East's penalty double.

She won the spade lead with dummy's ace, led to the diamond ace and finessed the club queen successfully. She then cashed the club ace, ruffed a club and ruffed out the diamond king by leading the queen. The position was this:

NORTH  
♦ 8 5  
♥ K 10  
♦ —  
♠ —

WEST  
♦ J 3 2  
♥ —  
♦ —  
♠ —

EAST  
♦ 8 7  
♥ Q J 8 5 3  
♦ —  
♠ —

When the club nine was led from dummy, East ruffed with the heart eight and South threw the trump ten. East scored two more trump tricks but the contract was safe.



## EDITORIALS/OPINION

# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Let the Dollar Drift

The dollar has been hitting new lows against the Deutsche mark and the yen, setting off needless calls for government intervention. The Clinton administration wisely held off. True, a stronger dollar would make imports cheaper and reassure foreign investors. But the policy that could turn the dollar around — a stricter monetary policy — could also suffocate an already slowing economy. The price of intervention is too steep.

There are many theories why the dollar is falling, none convincing. Some say the slide reflects large trade deficits, fiscal imbalance or other structural problems. But these long-term factors did not suddenly worsen last week. Or the slide may reflect dismay over Mexico or short-lived fads and fears. No one knows. The key facts are that the American economy is growing briskly and that current policies are sound.

The Federal Reserve Board has steered the economy along a path of growth and low inflation. In the past few years Washington has cut the deficit, as a percentage of national income, in half. There is no crisis.

There is also no simple way to affect exchange rates. The Federal Reserve tried to stanch the dollar's slide last week

by joining forces with other central banks to buy dollars; the tactic didn't work. The Fed could make a dent if it shifted its monetary policy to drive inflation lower and interest rates higher. Such a shift could persuade investors to buy dollars to invest in America. But monetary contraction poses a serious danger. The Fed raised interest rates last year to bring the growth rates down from unsustainable levels of over 4 percent. Further tightening could tip the economy into stagnation or recession — for little real gain.

A higher dollar would raise living standards a bit by lowering the cost of imports. It might help keep overall inflation lower. It might reassure foreign investors that America would remain a safe place to invest. But all these results would be modest because foreign trade and foreign investment account for only a modest portion of American economic activity.

Mickey Levy, chief financial economist at NationsBank, notes that when the Fed fought off a falling dollar in 1987 with tight monetary policy it helped trigger a collapse on Wall Street. The economy is sound. So, too, is Fed policy. In this context, a falling dollar poses no crisis. Intervention might.

—THE NEW YORK TIMES.

## Cuba Policy Dilemma

Those White House aides who want to lighten up American Cuba policy a bit are on track. To permit Cuban exiles in Miami to resume sending remittances to relatives back in Cuba would relieve their real distress. To let U.S. citizens travel to Cuba more easily is merely to affirm a fundamental American right. There was no good reason for President Bill Clinton to add these restrictions last August. There is good reason — to serve American humanitarian and constitutional interests — to peel them off now.

It remains to be demonstrated, however, that these hints of Cuba-policy restlessness will bloom into the full-fledged policy review that should have been under way years ago. President Clinton has so far shown no taste for such an initiative. To crank one up just as Jesse Helms takes over the helm of the Senate Foreign Relations Committee and launches his own comprehensive bill to toughen American and international sanctions seems politically perilous.

But it would be the substantively right thing to do.

The fact is that although the Cold War is over, the United States still conducts a Cold War policy toward Havana. It counts on an economic embargo and political isolation to build popular

pressures and make the country explode. But no longer is Fidel Castro's Cuba a Soviet client endangering American strategic interests. Nor is Mr. Castro's Cuba anymore the sponsor of revolution in the Western Hemisphere and beyond. Indeed, the regime uses American hostility to paint itself as inheritor of Cuban nationalism and to distract people from its Communist core.

The dilemma of American Cuba policy has always been to find ways to help the people without comforting the regime. With the Cuban government no longer a menace to anyone but its citizens, it is past time to help the people more. That means going beyond the resumption of remittances to expand economic and informational contacts and deliver benefits to individual Cubans. It means making good on taking in legal Cuban immigrants and keeping a focus on human rights. It means striking the especially punitive parts of the embargo that restrict Cuban imports of food and medicine. The embargo itself ought to be recast as a Cold War relic that the United States is eager to trade away just as fast as Fidel Castro releases his grip. The point would be to place on the Communist dictator the full onus of Cubans' distress.

—THE WASHINGTON POST.

## A Drama in Mexico

There is more than a whiff of soap opera in the melodramatic story of political assassinations, alleged cover-ups and twisted family ties now unfolding in Mexico. But far more than soap opera is involved. At stake is the future of the world's longest-entrenched ruling party, the Institutional Revolutionary Party, or PRI.

Mario Ruiz Massieu, former deputy attorney general of Mexico, sits in a New York jail accused of financial irregularities and undermining the inquiry he conducted last year into the murder of his brother, José Francisco Ruiz Massieu. The dead brother was deputy leader of the PRI.

The suspect allegedly protected in the investigation was Raúl Salinas de Gortari, the brother of Mexico's then president, Carlos Salinas de Gortari. Raúl Salinas is now being held in a maximum security prison outside Mexico City, his arrest authorized by the new president, Ernesto Zedillo.

If the accusations are true, the sudden

fall of the Salinas and Ruiz Massieu families is the bitter result of years of cancerous corruption in the PRI. Literally and metaphorically, the party functioned as an extended political family. Its leading members enjoyed privileged access to political office, inside business deals and high-level protection from criminal prosecution.

President Zedillo cannot easily disentangle himself from this noxious legacy. He came to the presidency as Carlos Salinas's handpicked successor, and his government contains many PRI stalwarts. If the ruling party is to retain the authority to govern Mexico, it must come clean on these and other cases, including the recently reopened investigation into last year's murder of presidential candidate Luis Donaldo Colosio.

Mr. Zedillo has made a good start. But he will now be under great pressure within the PRI to stop after one or two high-profile cases. He must not be deflected.

—THE NEW YORK TIMES.

## Other Comment

### The End of Yeltsin's Road?

Despite Western blessing, President Boris Yeltsin knew that his fate would be decided by his people at home, and he bore the terrible guilt of conducting the bloodiest bout of civil strife [in years]. Chechnya has proved to be little short of a disaster, not because Moscow chose to intervene to prevent an integral part of the country from breaking away, but for how Mr. Yeltsin decided to go in. Young recruits were made cannon fodder, civilians died needlessly and, most galling to national pride, the performance of the army showed it was badly organized and led.

Economic reforms have been particularly harsh on the ordinary Russian, even as some have made mountains of money often through illegal means. To cap it all, the state is not performing its basic function of providing a minimum of security

for its citizens. President Yeltsin has few options left as he tries to appear to be doing something to stem a crime wave — sacking a police chief and a prosecutor is no answer — without raising fears of ushering in a new authoritarian order.

At the same time, he must appear to be fighting for Russian interests as he seeks some accommodation with the West to receive a measure of assistance from multilateral agencies. Thus far he has enjoyed the car's proverbial nine lives, but having lost his reformist friends at the altar of Chechnya, he must build a new coalition to survive. His luster has faded in the West and he must win his battles at home. On present reckoning, that is an arduous, if not impossible, task. All indications would suggest that we are witnessing the sunset of the Yeltsin era.

—S. Nihal Singh, commenting in the *Khaleej Times* (Dubai).

## Dole Has Some Cheap Shots but He Also Has a Record

By Jim Hoagland

WASHINGTON — Republican conservatives have at long last found a brutal anti-Communist dictator they do not like and want to dump. His name? Boris Yeltsin, president of Russia.

"Yeltsin has made serious errors," Bob Dole, the Senate majority leader and front-running presidential aspirant, said last week. Mr. Yeltsin "has moved toward authoritarian rule and has lost the political support of virtually all reform-minded Russians." Mr. Dole deplored President Bill Clinton's "Yeltsin-first policy."

It must be a relief for Mr. Dole and others to be able finally to put human

chens have brought the conservatives out of the human rights closet.

That is what I assume, since a quick check of the files fails to turn up any Dole statements at the time that Richard Nixon clung too tightly to Leonid Brezhnev, who some thought "moved toward authoritarian rule" and who may not have had the support of all reform-minded Russians. Nor can I immediately locate any criticism by Mr. Dole of the "Brezhnev-first policy" called détente.

In fact, the files disclose that Mr. Dole until now prided himself on being able to deal calmly with tough-minded dictators.

**Far from 'defending, denying and rationalizing Russia's misdeeds,' Clinton has been so measured in his public support for Yeltsin recently that European allies have pleaded with Washington to do more.**

rights atop their list of foreign policy priorities, after concealing their admiration for Amnesty International and national wars of liberation for so long.

Mr. Yeltsin's excesses against the freedom-seeking, cruelly oppressed Che-

later released a transcript of the meeting that voters in New Hampshire may want to read aloud to each other on next primary season's long winter nights.

Mr. Dole's attack on Mr. Clinton's support for Boris Yeltsin reveals a weakness that is likely to dog the senator throughout his long quest for the Republican nomination. He has been around too long, and has too much of a record, to get away with the cheap shots that a newcomer can afford.

Mr. Clinton's response to Mr. Dole — they both spoke at the Nixon Center for Peace and Freedom here last week — made all the right points. Mr. Yeltsin is the democratically elected head of a government, one which still holds the power to endanger world peace. On balance, he has moved Russia faster and more successfully toward democracy and a free market economy than almost anyone would have predicted five years ago.

Mr. Yeltsin faces enormous problems and Chechnya has been bungled badly; but to write him off now would leave U.S. policy in a void. It would imply an American inability to shape events in Russia and a responsibility for what comes next that is unrealistic and dangerous.

There was as well an important reality that Mr. Clinton could not publicly state. His administration has done far more to help shape a post-Yeltsin political order for Russia than it can ever acknowledge. The good relationship that Vice President Al Gore and other U.S. officials

have established with Prime Minister Viktor Chernomyrdin is a bridge into the future. Mr. Chernomyrdin — and not well-meaning but politically marginal reformers like Grigori Yavlinsky — is the alternative to Mr. Yeltsin.

Far from "defending, denying and rationalizing Russia's misdeeds," as Mr. Dole recklessly charged, Mr. Clinton has been so measured in his public support for Mr. Yeltsin recently that European allies have pleaded with Washington to do more. In trying to score debating points in his first foreign policy outing of the painfully long Republican nomination race, Mr. Dole misfired.

More's the pity. Mr. Dole expressed some interesting ideas in the speech about the "new energy order," taking shape in the Gulf and Central Asia, where new sources of supply are being developed. The Clinton administration has been slow to make the connection between U.S. energy policy and foreign policy. Energy is an area where the Republicans can present a clear and convincing alternative.

But it must have seemed easier, and in terms of headlines more profitable, for Mr. Dole to kick Mr. Yeltsin while he is down and get at Mr. Clinton that way.

Too bad Mr. Dole never thought of kicking Leonid Brezhnev, or Saddam, while they were up. If he had, I would listen to him more seriously about Mr. Yeltsin. And a lot of other things.

The Washington Post.

## The News About Mexico Is Gloomy and Unlikely to Get Better Soon

By Thomas L. Friedman

MEXICO CITY — As my flight into Mexico City was landing, I began to feverishly fill out the customs form they passed out on the plane. Line three, though, stumped me.

It consisted of nine different boxes, out of which you were supposed to find and circle your occupation. "Columbian" wasn't listed. There was, however, "farmer," "driver of a vehicle," "livestock raiser" and then one that just left out at me. It said: "bondholder."

That tells you a lot about what is wrong with Mexico today. Mexico is so dependent for its economic growth on foreign investors who will buy its government and commercial bonds that "bondholders" now have their own box on the visa form. Unfortunately for Mexico, most of the people who check that box are going out, not coming in.

Despite the \$50 billion bailout package that the Clinton administration and the IMF have put together for Mexico, designed to reassure foreign bondholders that Mexico can repay them so they will keep investing here — the big money is still heading north.

The Clinton rescue package is not working. The only question now is whether it has irretrievably failed or whether adjustments can still salvage it. So far, all that is happening is this: Foreign bondholders are cashing in their bonds for pesos as soon as they reach maturity, then they are taking those pesos to the banks here, changing them immediately into dollars and taking them back across the Rio Grande.

The banks are getting the dollars to pay the foreigners from the Mexican government, and the government is getting the dollars on loan from the U.S. Treasury. That is not a pretty picture.

The result is that the peso, instead of being stabilized and in-

vesting investment, is being dumped and therefore gyrating wildly downward. If you were to plot it on a graph, the peso's decline would look like the EKG of someone having a heart attack.

A key reason the rescue package is not persuading foreigners to reinvest here is that Mexico still has not put forward a convincing plan for restructuring its budget. And the more the peso falls, the more any new plan has to be redesigned, and the more the government promises to have it ready *mañana*.

Complicating matters further is the fact that Mexican politics today is a spooky Spanish version of Oliver Stone's "JFK." The brother of the former president stands accused of ordering the killing of the former ruling party secretary-general and then conspiring to cover up the murder with the help of the former chief

investigator, who happens to be the brother of the dead man, and who was arrested in Newark, New Jersey, on Friday with \$46,000 in his suitcase.

With such conspiratorial shadows swirling around Mexico's elite, the face of George Washington on a U.S. Savings Bond looks awfully attractive.

The other reason foreigners are cashing out of Mexico is because they are afraid of what will happen here if the rescue plan does "work." For sure there will be a recession. But the fear is that the terms the United States demanded in exchange for the bailout — 60 percent interest rates, tax increases and curbs on government spending — will produce not just a cleansing recession but a revolutionary depression.

The United States may save the Mexican government at the cost of killing Mexico's private sector, which is supposed to be the engine for Mexico's resurgence.

The tragedy of Mexico is that the only rescue package that might work, one that focuses on reviving the private sector with more money and fewer impossible conditions, is not one that the U.S. Congress would ever have approved.

The other day I visited the tape factory owned by Sami Moadeb outside Mexico City. In the hour I was there, he telephoned his bank four times to check the rate of the peso so he could adjust his own prices. Most of his machines were idle, and some of his most skilled workers were sweeping the stockroom and repainting gray pipes red. Wiping his brow, Mr. Moadeb sighed: "If it keeps up like this much longer, I will have to start laying off employees."

He and a thousand others. Now I understand why every time I ask someone on Wall Street where the next global economic crisis is likely to erupt after Mexico, I get the same answer: "Mexico."

The New York Times.

## A Real Role for Trade Unions in Tackling the World's Social Crises

By Bill Jordan

The writer is general secretary of the International Confederation of Free Trade Unions.

B RUSSELS — Never since World War II has the international community had such an opportunity to tackle social issues. Half a century ago, trade unions and their members helped rebuild a world torn apart by six years of deadly conflict. Their vision of social and economic progress, based on the strengthening of democracy and participation, helped bring decades of growth, unparalleled social advances in the industrialized world, and the first steps to assist the Third World. The challenge facing the heads of state and government in Copenhagen this week for the United Nations summit is just as great.

Each year 13 million to 15 million people die in poverty. One adult in three is jobless, even as 200 million children are forced to work. In search of a better life (or to escape tyranny) millions of people have chosen exile and migration, often to be confronted in their so-called host countries with racist attacks and xenophobia fomented by the far right.

Discrimination in employment (and at the workplace) still prevents women from occupying their rightful place in society. Millions of people lucky enough to have a job worry, nonetheless, about their future and about deteriorating working conditions. All are looking for signs of hope from Copenhagen.

We believe that the summit's success will depend on how those who represent all these people are involved in the decision-making. From the factory to the unemployment office, from the free trade zones of Honduras to the rice fields of the Philippines, from industry negotiations to the conferences of the International Labor Organization, we are close to the issues being examined at the summit: reviving employment and combating poverty and exclusion.

And we have a mandate from the principal victims for negotiating solutions.

Trade unionists often pay dearly for their commitment. Every year, scores of them are assassinated, while hundreds are arrested and sometimes tortured.

The trade union organizations represented in Copenhagen (in addition to the ICFTU delegation, 20 countries have included trade union leaders in their delegations) are demanding not only consultation and the respect of their rights — although it would be very apt for the governments meeting in Copenhagen to make a formal commitment to full respect of the ILO conventions. They are also insisting on the crucial role that the International Labor Organization, which is a UN agency, will play in the future, and offering their own proposals.

We are asking for a commitment from governments to invest in human capital and promote education, training, health and social protection. We are calling for

world trade to be based on fair and equal rules (social clauses), and demanding that the violation of fundamental rights and the exploitation of workers not be allowed to be used for competitive advantage.

We are proposing measures to provide education for all children and to create jobs for adults. We are demanding better protection in the working environment. (More than 200,000 people die each year from occupational diseases or workplace accidents.) We are urging governments to increase aid to developing countries, and we are asking those countries, and others, to guarantee democratic freedoms.

In short, the trade union movement remains part of the solution, not of the problem, as some would have us believe. We can only hope that governments will realize that the Copenhagen summit is an unparalleled opportunity, and that its success will depend on the will to involve the social partners.

International Herald Tribune.

## Russians Are Seeing Spies Everywhere and a Grand American Plot

By E. M. Holoboff

LONDON — Despite the Chechnya fiasco, Western governments have reiterated their support for the Yeltsin government, so long as it continues to pursue democratic rule. Yet this comes at a time when Russian ministries, in a throwback to the Cold War, propose restricting the movement of citizens on the basis that they may possess "state secrets."

Russia's Federal Counterintelligence Service has issued a xenophobic report denouncing the activities of several mainstream Western researchers on Russian territory. The RAND Corporation, the Ford Foundation, the Russian and East European Center at Harvard University, the Hoover Institute for Problems of War, Revolution and Peace at Stanford University, the Peace Corps, the Soros Foundation and others are reputed to be front organizations for American intelligence. Their true purpose is said to be undermining the stability of Russia by gathering information, recruiting agents and deliberately organizing a "brain drain" to deplete the country of its intellectual resources.

The report, details of which are provided by the newspaper *Nezavisimaya Gazeta*, alleges that Western researchers support a U.S. foreign policy which aims to secure America's role as the sole global superpower. It is suggested that this is a carefully planned, comprehensive strategy employing "nonconventional forms of intelligence gathering." These supposedly include cultivating contact with researchers in Russia, conducting social research polls, studying archives and acquiring information under the pretext of feasibility studies for financial and technical aid programs.

A 1993 pre-election poll in

Russia of 39,000 people by three top American universities and two respected Moscow centers is cited not as an example of outstanding collaborative research but a sinister plan to collect confidential information.

A gray blanket of paranoia is settling on Russian society. Do people like the authors of this report truly believe that the U.S. government is powerful enough, or has the motivation, to organize the diverse activities of all the

about Western experts reading and analyzing Russia's regional press? If state secrets are divulged in newspapers, then this is a problem for the Russian government. Researchers are not generally privy to what may or may not constitute a state secret. Indeed, knowledge of what state secrets are is itself a state secret.

Encouraging a brain drain? Many research and training projects, including the Program on Post-Communist Security Studies which I direct at King's College, London, deliberately select visiting fellows who demonstrate a commitment to return to their home countries. But what can be done if scholars find conditions in their own countries intolerable because of low pay and a political climate that does not appreciate their research?

Do the ideas contained in the Russian counterintelligence report reflect government policy? Evidence is that the answer is yes. The Foreign Ministry has denied Alexander Rutskoi, the former vice president and Yeltsin bugbear, travel privileges outside Russia, not on the basis of a criminal investigation but because he allegedly possesses "state secrets." Western cultural imperialism, economic exploitation and political arrogance are now common themes across the political spectrum in Russia.

Researchers in Moscow are anxious about the implications of the Russian counterintelligence report. They are deeply concerned that their contacts with foreigners are under suspicion. They are uncertain about continuing to accept scholarships, fellowships and research funds from Western foundations. Some suspect that the report represents an attempt by the

counterintelligence service to exact payment for the critical press it received over its role in Chechnya.

The long-term implications are more worrisome. If serious internal debate is stifled, especially on defense and security issues, Russia will increase the chances of becoming embroiled in further debates like Chechnya. Respected Russian experts will turn back into the wooden puppets of the Communist era, revealing to the government not their considered opinions, but merely the words their superiors want to hear.

Russia's counterintelligence service should put down its big stick and exit the Dark Ages. Experts from various Russian ministries, the Parliament, scientific centers and academic institutes

have all engaged in exchanges with Western establishments. Russia's counterintelligence analysts should avail themselves of the chance to do the same.

The writer, director of the Program on Post-Communist Security Studies at the Department of War Studies, King's College, contributed this comment to the International Herald Tribune.

Letters intended for publication should be addressed to "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1895: Spain's Demand

NEW YORK — The *Herald* has a special cable despatch from Havana, dated to-day [March 8], containing an interview with the U.S. Consul-General, Mr. Ramon O. Williams, who is surprised to hear that Spain demands his recall. "The difficulty was over some prisoners of war who are citizens of the U.S.," he demanded that they be tried civilly and not by court-martial," he said. "The Spaniards cannot bully me. I am ready to leave, but while I remain I will protect the rights of Americans."

### 1920: Active Veteran

NEW YORK — John Shell, a mountaineer of Kentucky, had an exciting 133rd birthday yesterday [March 8], according to news despatches. He returned home after visiting a place a few miles away

and found that his wife, aged 35, had died in his absence, and that his 6-year-old son was in the hands of his father-in-law, aged 70. Mr. Shell objected to the abduction of the child and seized his flint-lock rifle, which he had made more than 100 years ago, and forced his father-in-law to return the boy to his home.

### 1945: Mandalay Fighting

CENTRAL BURMA — Infantry and mortar fire rang through the streets of Mandalay today [March 8] for the first time since the spring of 1942, when the Japanese occupied the city. Indian troops of the 19th Division within the city have Fort Dufferin as their first objective. From Calcutta, a report from headquarters of the Southeastern Asia Command announced that "there are 50,000 Japanese in the Central Burma pocket waiting to be killed."



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## EDITORIALS/OPINION

## For Some, Taking Offense Is Part of the Agenda

By George F. Will

**CHAMPAIGN-URBANA, Ill.**—Come for a walk on the wild side, in the hostile environment of the law pertaining to hostile environments. Actually, "law" may be a misnomer, as we shall see in the controversy concerning Chief Illinwek, yet another example of how compulsory compassion threatens freedom.

At halftime of a University of Illinois football game in 1926 a student of Indian culture performed a dance dressed as a chief. Since then Chief Illinwek has become the symbol of the university that serves the state where, once lived the Illini tribe, which was virtually annihilated by an enemy tribe in the 1670s.

In 1930 the undergraduate then portraying Chief Illinwek traveled to South Dakota to receive authentic raiment from the Oglala Sioux. In 1967 and again in 1982 representatives of the Sioux came here to Champaign-Urbana to present outfits for Chief Illinwek to wear in his performances at half-times of football and basketball games. Until the mid-1980s the chief was an uncontroversial and revered tradition.

Keeping alive the memory of the vanished Illini tribe.

Then came the rise, particularly on campuses, of identity politics, with grievance groups claiming special rights as reparations for historic wrongs. This produced in government a compassion industry backed by sensitivity police and thought vigilantes. Since then Chief Illinwek has been under attack.

Compassion, contemporary liberalism's core value, involves the prevention or amelioration of pain, including the pain of offended sensibilities. Groups compete to be the most offended, and compassion referees must decide which offenses to which groups matter. A few people, mostly but not exclusively Native Americans, say that Chief Illinwek is offensive, a racist Little Red Sambo who must be banned in the name of tolerance and respect for multicultural diversity. Permanent exclusion of the chief is "the only ethical solution," according to a university body

called the Inclusivity Committee.

In a complaint to the Illinois Human Rights Commission, a Native American non-student activist cited the state law making it a civil rights violation to "deny or refuse to another the full and equal enjoyment" of any public accommodation. He said the symbolism of the chief as "masochist" was so offensive to him that he could not enjoy himself at the stadium or elsewhere on campus.

The commission replied that the relevant definition of "enjoy" as used in the law is not "to get pleasure from" but "to have the use or benefit of." The commission noted that if the complainant prevailed, African-American groups could get the state to prevent showings of the film "Birth of a Nation," Jewish groups could wield the law against performances of "The Merchant of Venice" and Native American groups could prevent screenings of many cowboy movies.

The chief's tormentors have tried to thwart him with the American Indian Religious Freedom Act, but unfortunately for them that law does

not make it illegal to impersonate an Indian. They tried the Migratory Bird Act, which makes some possession of eagle parts illegal, but the chief's headdress is made of turkey feathers. So now the chief's enemies are turning to Title VI of the 1964 Civil Rights Act, which prohibits racial discrimination in federally assisted educational institutions.

In democratic theory, the legitimacy of a law depends on the authorship of it by elected representatives. But in contemporary America, after representative institutions have done their work, regulation writers, unelected and anonymous, take over, filling page after page of the Federal Register with additional "law," as in the edition of March 10, 1994.

There the U.S. Department of Education said Title VI prohibits not only discrimination but harassment; that harassment includes the existence of a "hostile environment"; that the environment is hostile if it would seem so not just to a reasonable person but to "a reasonable person, of the same age and race as the victim, under similar circumstances." That comes close to making any claim of felt hostility in the environment a self-validating charge of racial discrimination.

Chief Illinwek probably will survive because the arguments against him are so strained, and because many Native Americans recognize in his role a compliment from the university to their heritage. But attempts to wield the government against him demonstrate how freedom is under siege as spurious "rights" are asserted. (Says one Native American, "Native people should have the right to determine how their image is used.")

The controversy illustrates how the forces of political correctness pressure government to grow in size and arbitrariness in order to pursue a peculiar compassion mission. That mission is to assuage the hurt feelings of groups for which taking offense is a political agenda, and to reform the psyches of any individuals slow to conform to the new sensitivity. No wonder liberalism's work is never done.

Washington Post Writers Group

## A Different Magazine, Perfumed

By William Pfaff

**PARIS**—The New Yorker magazine has just observed its 70th birthday, with a perfumed double issue and a party. The celebration might better have been dominated in fortnights rather than years, though, since today's New Yorker came into being in October 1925, and is not the magazine founded by Harold Ross in 1925.

The new New Yorker is a journal of gossip and insider reports on show business and fashion, Washington politics, Madison Avenue

and Wall Street dealing. It is a publication at the expense end of a market which has the sordid London tabloid at its low end.

I don't say the American tabloid, which has always been sophisticated, with a disabused and knowing attitude toward power and celebrity, a wise-guy attitude, whereas the London tabloid, like the new New Yorker, is in connivance with the people it writes about, whom it envies and indirectly flatters.

Thus the new New Yorker's birthday party in Manhattan was a gathering of celebrities and business figures. The imagination cannot stretch to a birthday celebration for William Shawn's New Yorker that featured Hollywood stars—exception made for Louise Brooks, a great favorite of Mr. Shawn's, who liked the movies; but the singularity of Louise Brooks was that she refused to be a Hollywood celebrity.

I say this as an interested party, as between 1971 and 1992 I wrote what were called "Reflections" on politics and history for the magazine. But that was the past and one has no right to complain that a new owner should turn a magazine into something new. The gossip paper is an ancient form of journalism, possibly its most ancient, and undoubtedly its most popular.

There have been many other good American magazines but the phenomenon of The New Yorker is that it also became a huge commercial success. This most serious of American general magazines be-

came in the postwar decades a highly successful vehicle of luxury advertising, frequently of so grotesque and transparent a snobbery as to make one wonder who the advertisers thought the readers were.

The faults of the old New Yorker were the result of one of its virtues, its loyalty to its writers. It would publish multi-part articles, lethally boring, on such matters as the origin and manufacture of bread. Mr. Shawn was not a man to cut.

The magazine's fundamental quality under Mr. Ross, Mr. Shawn, and Robert Gottlieb, the old magazine's last editor, was its integrity. It would publish whatever the editor believed in and nothing he did not believe in. Mr. Shawn correctly said he had never published anything "in order to sell magazines, to cause a sensation, to be controversial, to be popular or fashionable, to be successful." In the editing of The New Yorker, the writer was invariably given the final decision on how his or her work would appear.

This respect for the craftsman, and for the intelligence of writer and audience, is what set the old New Yorker off from others. It was an example of that principle of serious journalism which says that a magazine or newspaper exists to publish what writers and editors think is right, important, valuable and entertaining.

This is a principle which assumes that the relationship with the reader is an exchange between serious people, and not primarily a commercial transaction.

Thus while one may be pleased that through the generosity of S.I. Newhouse, its new publisher, the magazine we may call the former New Yorker can celebrate two and a half years of publication, we must also recognize that the true New Yorker magazine stopped publication on Sept. 18, 1992—its final cover a painting of Cinderella rushing from the ball, her carriage already turned to pumpkin.

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## LETTERS TO THE EDITOR

## Not Entirely Altruistic

I read with interest your news report "EU Forges Landmark Deal for Customs Link to Turkey" (March 4) and appreciate its objectivity. But the story was incomplete. It ignored potential benefits that the European Union is likely to accrue from the Big Bang style market opening in Turkey. The report says that the EU agreed to enter a customs union with Turkey to "stabilize that strategic country through free trade." Are there no other motives? The report gives the impression that by offering Ankara the customs union—which as you point out is the culmination of more than 30 years of unceasing and meticulous effort by both sides—the EU nations are acting out of utterly selfless and benevolent intentions.

In fact, the customs union will also help "stabilize" European industries

by opening up a large and relatively prosperous market. This will also allow deeper penetration into lucrative Middle Eastern, Transcaucasian and Central Asian markets through triangular operations involving Turkey, a country of strong economic standing in those regions.

MEHMET OGUTCU,  
Paris.

## Freedom Has a Price

Keith V. Monk (Letters, Feb. 23) congratulates Luthansa for refusing to transport Salman Rushdie, but what seems to irk him most is the money it costs to give Mr. Rushdie protection. This money is well spent to protect freedom of expression. Shame on those who came in to murderous terrorism.

LEONORE SUHL,  
Portimão, Portugal.

## An Objection of Conscience

Regarding "Let Us Not Celebrate Einstein's One Great Mistake" (Opinion, Feb. 8) by Colman McCarthy:

This blessing of those who consider conscientious objection proper is not needed. And to say that "in a militaristic nation like the United States, even the suggestion that upholders of the anti-war ethic be praised is seen as preposterous," is malign.

WARREN E. KRAEMER,  
Benitachell, Spain.

## Names for Navy Toys

Regarding "2 Carriers to Be Named for Truman and Reagan" (Feb. 4), America would do better to name its new billion-dollar toys Budget Busters I and II, in view of the orgy of defense spending they embody.

DOUG WALTERS,  
Ramonville-Saint-Agne, France.

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THE WORLD'S DAILY NEWSPAPER



## HEALTH / SCIENCE

A New Slant  
On the Origins  
Of AgricultureBy John Noble Wilford  
New York Times Service

**N**EW YORK — A new technique for dating ancient organic matter has upset thinking about the origins of agriculture in the Americas. The earliest known cultivation of corn, it now seems, occurred much more recently than had been thought — 4,700 years ago, not 7,000 — and scientists are perplexed as they ponder the implications.

The new date means that people in the New World, in the Tehuacán valley of the central Mexican state of Puebla in particular, probably did not begin growing their most important crop until as much as 4,000 or 5,000 years after the beginning of agriculture in the Old World. Hunter-gatherers who settled in the Jordan River valley managed to domesticate wild progenitors of wheat and barley as early as 9,000 to 10,000 years ago, and thus became, as far as anyone knows, the first farmers anywhere.

Perhaps such a lengthened time gap could suggest clues to the circumstances favoring the transition to agriculture, one of the foremost innovations in human culture.

The new evidence, said Dr. Gayle J. Fritz, a paleobotanist at Washington University in St. Louis, Missouri, "makes it necessary to begin building new models for agricultural evolution in the New World."

But reliable as they may be, are the new dates definitive? Because all the ancient corn specimens examined so far were fully domesticated, scientists suspect they have yet to find the intermediate and earliest examples of cultivated corn. They may have been looking in the wrong places.

Botanists are urging archaeologists to widen their search for evidence of early agriculture in Mexico, the only country where the nearest wild relatives of maize are native. Look in places where the wild teosinte grows, botanists recommend.

In many parts of Mexico, teosinte, an annual plant that shows the greatest biochemical similarity to domesticated corn, is still called *Madre de maíz*, "mother of maize." The plant thrives in the verdant Balsas River basin, 150 miles west of the Tehuacán valley, but the area has never been systematically surveyed.

"The whole issue of origins of agriculture in the Americas is still out there for people to try and figure out," said Dr. Bruce D. Smith, an archaeologist at the National Museum of Natural History of the Smithsonian Institution and the author of "The Emergence of Agriculture," published last fall by Scientific American Library.

For several decades, archaeological research in this field had been somewhat dormant. Archaeologists may have been discouraged by the paucity of artifacts among the remains of corncobs in the Tehuacán caves; nothing much to reconstruct the lives of the people who were the

corn farmers. Besides, expeditions could count on more fruitful hunting in the ruins of the Olmecs, Maya and Aztecs, whose civilizations afforded more flamboyant discoveries.

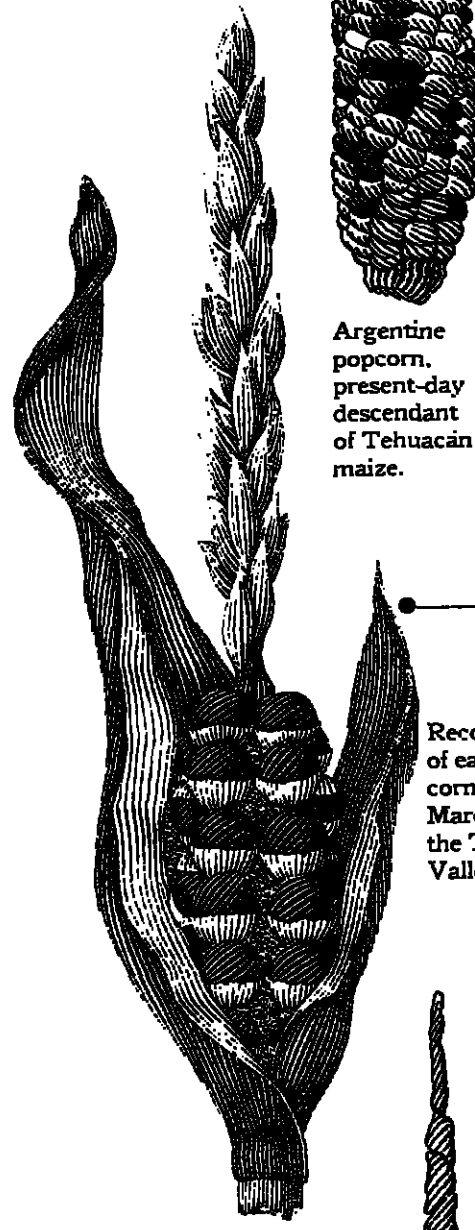
So it was that the timing and pattern of early farming in the New World seemed fixed beyond serious questioning. Corn, or maize, known scientifically as *Zea mays*, had been established as the first American crop.

**T**HIS decisive cultural step, planting and harvesting, was confidently dated at 7,000 years ago, based on standard radiocarbon analysis of material found in the Tehuacán caves in the 1960s by Dr. Richard S. MacNeish of the Andover Foundation for Archaeological Research in Andover, Massachusetts. Buried in the dry sediments were two-inch ears of corn, each with eight rows of six to nine tiny popcorn-like kernels — a poor forerunner of sweet corn on the cob.

But one thing kept puzzling some scholars. These early New World farmers appeared to be seasonally mobile hunter-gatherers who visited the Tehuacán valley just long enough to plant and harvest a crop, then moved on to where the hunting might



Argentine popcorn, present-day descendant of Tehuacán maize.

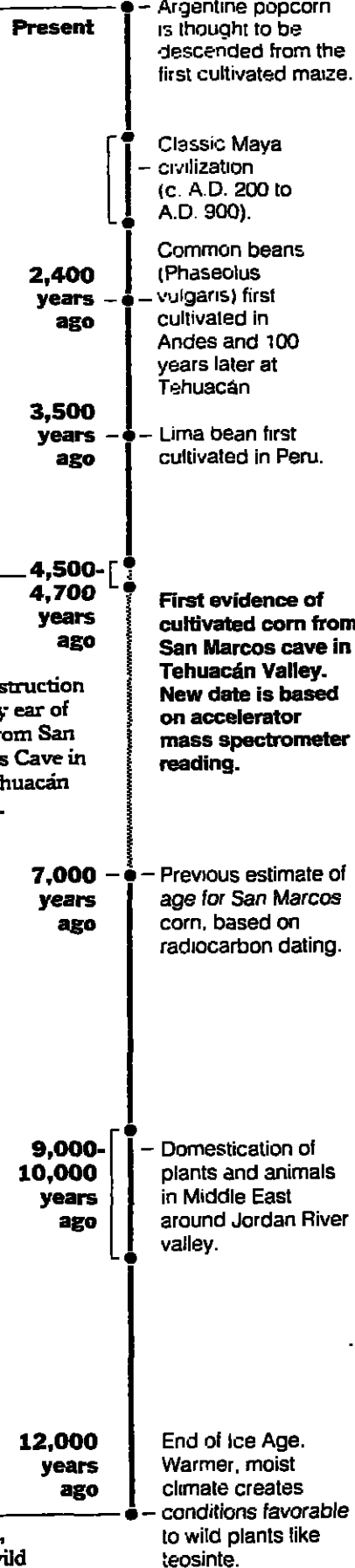


Reconstruction of early ear of corn from San Marcos Cave in the Tehuacán Valley.

Teosinte, closest wild relative of modern corn.

New Theory  
Of New World

A revised and much later date for the earliest known domesticated corn, based on new dating methods, is making scientists rethink the chronology of Western Hemisphere civilization.



Brian Callahan for The New York Times, adapted from "The Emergence of Agriculture"

be better. Indeed, it has long been a tenet of pre-Columbian anthropology that it was the domestication of corn, providing a steady source of food and thus increasing populations and encouraging a more sedentary life, that cleared the way for complex societies.

In the Old World, though, the sequence was reversed: seden-

tary life first, then agriculture. People there typically settled into communities near where wild animals and plants were abundant and then over time learned to increase and regularize their food supply through domestication of certain animals and plants, thus making the transition from hunting and gathering to agriculture.

when parents and others smoked in the same room as the baby.

## Treatment Rebuilds AIDS-Damaged System

**BOSTON (AP)** — Doctors have shown for the first time that they can rebuild the immune systems of people infected with the AIDS virus by increasing the blood cells that HIV destroys. The AIDS virus or HIV typically takes 10 years to kill a person. During this time, the virus destroys a variety of disease-fighting white blood cells called helper T cells. If the new treatment works as doctors hope, it could tip the balance in favor of the body, allowing it to produce these cells faster than the virus can kill them.

"This is the first time I truly in my gut feel excited" about an AIDS treatment, said Dr. H. Clifford Lane, a researcher at the National Institute of Allergy and Infectious Diseases who reported his findings in the New England Journal of Medicine.

## New Intelligence From Old Study

By Daniel Goleman  
New York Times Service

**N**EW YORK — In 1921, Dr. Lewis M. Terman, a Stanford University psychologist and a pioneer of the IQ test, scored California's schools to identify 1,521 children who scored 135 or higher on his new intelligence test, the Stanford-Binet.

Dr. Terman's little geniuses — who as the study went on took to calling themselves "Termites" — are now in their 80s, and have been contacted by researchers every 5 or 10 years, making the Terman Study of Genius the granddaddy of all lifespan research.

Now entering its 75th year, the study is still going strong. Just last month the data yielded an article on links between childhood traits and longevity; in April, Stanford University Press will publish a volume by Dr. Terman's successor, the late Dr. Robert R. Sears, a psychologist at Stanford, on the Terman children late in life.

In the world of social science, such longitudinal studies are the method of choice for assaying the mysteries of the seasons of life. Such studies allow researchers to analyze large groups of people over many years, and so tease out the hidden and often murky links between cause and effect that would be missed in other kinds of studies.

"It's only by following people over years that you can most accurately track the

relationship of early traits or influences on the course of later development," said Dr. Anne Colby, a psychologist and director of the Murray Research Center at Radcliffe College. The Radcliffe center has become the largest repository for longitudinal studies done in the United States.

Shepherding data over the course of lifetimes is itself a logistical challenge. The Terman study, for example, is in its third generation of overseers, having outlived its first two directors. Dr. Terman was the head until 1954, when he turned the study over to Dr. Sears. When Dr. Sears died in 1987, Dr. Al Hastorf, a colleague, became director.

**T**HE Terman study, the first to follow such a large number of people from childhood over their entire life span, continues to yield new insights about each stage of life. Only now that the Terman boys and girls have reached their 80s have investigators discovered that those children whose parents divorced faced a 33 percent greater risk of an earlier death than those whose parents remained married until the children reached age 21.

For men whose parents divorced while they were children, the average age of death was 76, compared with 80 for those whose parents remained married, according to findings by Dr. Howard Friedman, a psychologist at the University of California at Riverside.

The Terman study adds to the debate about the influence of IQ in life success, suggesting that intelligence itself is not the only ingredient necessary for outstanding achievement.

In 1968 Melita Oden, a research associate of Dr. Terman's, published a study of 100 of Termites who at midlife had attained the most success and 100 whose careers had floundered. The successes, whom she called A's, were in professions like law and medicine, or were university professors or business executives. The other group, the C's, were in occupations like sales clerks, far below their intellectual potential.

The A's, to be sure, on average had IQ's seven points higher than the C's: 157 versus 150. But small differences in scores at the extreme high end of the IQ curve translate into little actual difference in ability, said Dr. Hastorf, a psychologist retired from Stanford University.

But other differences were telling. The A's were more motivated from the start; they skipped more grades in grammar school, and went further in their education than the C's. As youngsters, the A's were rated as more lively and engaged than the C's.

Perhaps most significant in explaining the difference in career success, said Dr. Hastorf, were character traits. From childhood on, the C's showed a lack of persistence in pursuing their goals, whether in school or work; the A's, at an average age of 11, already showed greater "will power, perseverance, and desire to excel."

## A Prehistory of Earth's Climate

By Barry James  
International Herald Tribune

**P**ARIS — An ungainly drilling ship, the Resolution, will set sail from Marseille this weekend, seeking to uncover the secrets of climate change in the Mediterranean by studying the ruins of the seabed.

By examining layers of sediment brought up in core samples from beneath the sea's floor, scientists are slowly piecing together a prehistory of the Earth going back more than 15 million years. Since 70 percent of the Earth is covered by water, the samples are a unique source of information about many aspects of the earth's physical and chemical properties.

The relatively recent science of paleoceanography — systematic sampling of the ocean floor — began with a predecessor program called the Deep Sea Drilling Project at the Scripps Institution of Oceanography.

Expanded and extended to international partners since 1985, the present program

under the Joint Oceanographic Institutions for Deep Earth Sampling, is searching for data about the rearrangement of continents, the evolution of life in the sea and changes through time in global climate, ocean currents and world wide sea levels.

The scientific community worries about global warming and a consequent raising of sea levels because of the melting of the polar ice caps. Is this a result of the build-up of greenhouse gases, or is it part of a slow cycle of warming and cooling across the centuries? One discovery made by the Resolution is that the sea level dropped by at least 160 meters (525 feet) in the Western Pacific during the Cretaceous period.

Because the seabed is formed from the sedimented remains of teeming sea creatures, scientists can form a picture about the distant past of the Earth using a variety of sophisticated analytical techniques in a seven-story research center aboard the ship. Twelve laboratories provide space and equipment for studies in sedimentology, paleontology, petrology, geochemistry, geophysics, paleomagnetism and physical properties.

The Resolution, named after Captain Cook's vessel, is a converted oil-drilling ship, equipped to operate in the deep ocean. Its deepest single hole penetration was two kilometers in the Eastern Pacific. The greatest water depth in which it has operated was nearly six kilometers in the Western Pacific.

So far, the program has drilled 865 holes, obtaining more than 100 kilometers of core samples.

Timothy J. G. Francis, acting director of the Ocean Drilling Program, said the Mediterranean project would seek clues to the slow collision process between the European and African continents, which are coming together at the rate of one centimeter a year — slow in human terms but significant over millions of years.

The Ocean Drilling Program, which costs \$45 million a year, is funded by the U.S. National Science Foundation and six international partners — France, Germany, Japan and Britain, a Canada-Australia consortium and the European Science Foundation.

## MILAN FASHION

## Versace's Stylish Matronly Look

By Suzy Menkes  
International Herald Tribune

**M**ILAN — You want to look like the pasta mama of the bride? Then Italian fashion has just the thing for you.

Think bouclé jacket with skinny belt round a bulky waist, bracelet-length sleeves; gloves maybe; a respectable skirt grazing the knees; and heels unacceptably high.

If that is how modern women need to dress, Gianni Versace did the matronly look with style. His clean, clear show of conservative tailoring had a twist of irony in straight skirts cupping the rear and knee-high, spike-heeled white boots.

The new sobriety brought sleek suits, coats in sweet-pea or face-powder colors, cut with rounded raglan shoulders and shown with briefcase-size bags.

"With all the stores I am opening round the world, I want to give people something real, something for the office," said Versace, who must be targeting the boardroom high-flyers with luxurious fabrics and off-to-the-dry-cleaner colors, as in a delicious mushroom satin coat.

Since Versace is known for rock-star glitz, he smoothed the switch from baroque prints to plain fabrics and medusa-head medallions to diamond ear studs. Sleeveless day dresses, Courreges-style checkered shirts and ruched siren dresses were not noticeably career wear.

Jil Sander knows what a working woman needs. The opening coats in camel and caramel — long and sashed or short and trim — were models of perfection. Nothing else quite rose to that peak, although jackets had the same upscale refinement in their pre-



A show of conservative tailoring in Gianni Versace's new career suits.



Miami Times

cise silhouettes, fitted to the torso with slim pants or sober skirts, worn with austere high-buttoned vests and blending hose and high-heeled shoes.

The show seemed formulaic: camel, followed by navy, gray, brown with a speckle of bouclé and tweed. And Sander, who had a lunch given in her honor Wednesday by the book publisher Inga Feltrinelli, should have stuck to her racy, modern tailoring. Evening dresses with darts spearing the bodice looked rigidly unfeminine.

Giorgio Armani gave his

sporty Emporio line sophistication and polish, with close-to-the-body jackets, double lapels decorated with giant Georgia O'Keeffe-style flowers. Gloves and neat purses enhanced the youthful elegance.

If a line had been drawn at the hips, the spiffy style of Emporio, with its doses of red, pink, orange and coral color, would have seemed impeccable. But midcalf skirts, split at the side and the occasional teetering shoes were less sure than the precise coats, neatly belted knits and trim printed dresses.

Since Valentino is the patron saint of sophisticated ladies, he looked at ease with the dressy trend of his Oliver line — its tailoring decked out with fable and ermine and sugar-pink sweater sets snuggling up to satin.

The rest of the Milan shows are poised between career wear and couture. Genny's show Wednesday was just the job for a Wall Street trader betting on an upswing for the dollar. The American designer Rebecca Moses sent out a parade of stern black suits with hemlines sinking like the currency to a glooming midcalf.

At night, long siren dresses showed a heavy investment in gills and suggested that these

commercial clothes must be bankable for buyers.

At Ferragamo, the models could at least walk in the studiously elegant high heels. (Elsewhere they trip and stumble.) Ferragamo's slender tailoring in fine fabrics came in fresh colors: lime jacket with raspberry paneled skirt or cherry blossom pink with wisteria. Sweet-pea satin linings softened crocodile-patterned coats and small bags were ladylike with wit.

Byblos was a stodgy parade of faux-couture suits with fake fur trims that led inexorably to a finale of 1950s debutante ball gowns with icicle embroideries. Max Mara had real fur trimming really useful coats and suits and included sporty parkas, tough leather coats and walking boots that have otherwise been abandoned in Milan's flight from luxury sportswear to so-called couture elegance.

Laura Biagiotti celebrated her Moscow fashion spectacular last month with miles of Mongolia lamb, folkloric shawls and rhinestone military frogging among her showy cashmere sweaters. And that may be smart, since buyers report that Russian dollars are being splashed on luxury goods from Milan to Manhattan to Paris's Avenue Montaigne.

## IN BRIEF

## Parental Smoking Linked to Crib Deaths

**NEW YORK (NYT)** — Nursing mothers who smoke and the exposure of babies to cigarette smoke may double or triple the infants' risk of dying of sudden infant death syndrome, a new study published in The Journal of the American Medical Association has shown.

The study is the first to explore in detail the relationship between sudden infant death and exposure to tobacco smoking after birth apart from prenatal exposure. Many women stop smoking during pregnancy but often resume after giving birth, assuming there is no risk once the baby is born.

Results of the study, involving 200 infants who died of the syndrome from 1989 to 1992 and 200 otherwise comparable infants who remained alive and healthy, showed that crib death was a particular threat when mothers smoked during breast-feeding and

when parents and others smoked in the same room as the baby.

## Treatment Rebuilds AIDS-Damaged System

**BOSTON (AP)** — Doctors have shown for the first time that they can rebuild the immune systems of people infected with the AIDS virus by increasing the blood cells that HIV destroys. The AIDS virus or HIV typically takes 10 years to kill a person. During this time, the virus destroys a variety of disease-fighting white blood cells called helper T cells. If the new treatment works as doctors hope, it could tip the balance in favor of the body, allowing it to produce these cells faster than the virus can kill them.

"This is the first time I truly in my gut feel excited" about an AIDS treatment, said Dr. H. Clifford Lane, a researcher at the National Institute of Allergy and Infectious Diseases who reported his findings in the New England Journal of Medicine.

On April 10th, the IHT will publish in its Asian edition the second installment of a Special Report on

ASIA/PACIFIC:  
THE NEW CONSUMERS

Among the topics to be covered are:

- The boom in the insurance business in Southeast Asia.
- Demand for Malaysia's national car — the Proton.
- Rise of Pan-Asian FM radio stations.
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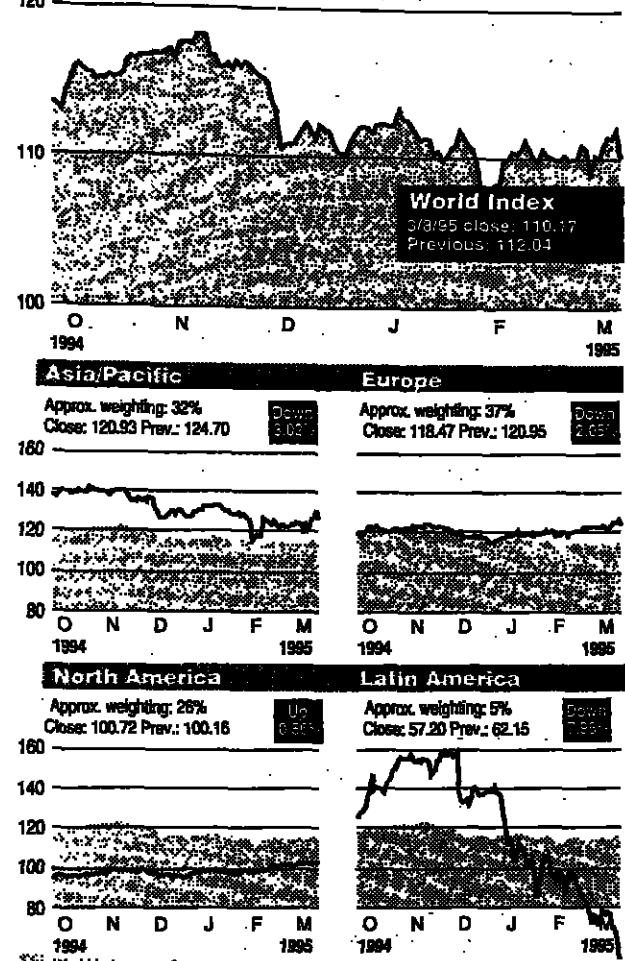
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# THE TRIB INDEX: 110.17

International Herald Tribune World Stock Index, composed of 2500 International Investable Stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top issues are tracked.

Industrial Sectors	Value	Change	% Change
Energy	111.88	112.73	-0.75
Utilities	105.08	106.46	-1.38
Finance	111.35	113.92	-2.57
Services	104.32	106.32	-1.99
Capital Goods	112.76	113.15	-0.34
Raw Materials	125.76	126.48	-0.57
Consumer Goods	106.88	108.16	-1.28
Miscellaneous	113.46	115.30	-1.84

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

## Leeson Says He'll Aid Bank Inquiry

FRANKFURT — Nicholas Leeson, the 28-year-old trader blamed for bringing Barings PLC to its knees, may cooperate with a British government investigation into the bank's failure in his bid to be extradited to his home country instead of to Singapore, his lawyers said Wednesday.

But to get an extradition order, British officials would have to provide evidence that Mr. Leeson broke a Singaporean law that fell under English jurisdiction, the lawyers said. Fighting the extradition request from Singapore, which was put into motion last week, would be "difficult," the lawyers added.

Mr. Leeson's cooperation could come into play if Britain's Serious Fraud Office were to consider extraditing him. "We will certainly be speaking with the SFO if they want to speak with us," said Stephen Pollard, one of Mr. Leeson's lawyers. "It is certainly our best hope."

Mr. Leeson was spending his sixth day in a Frankfurt jail on Wednesday after being arrested there last week following his arrival on a flight from Brunei with his wife, who has returned to England.

Mr. Pollard also said that the trader had provided "interesting information" about Barings during meetings at the jail on Tuesday and Wednesday. "If anyone thinks 'Nick Leeson, rogue trader' brought Barings down alone, then they are not aware of the full situation," Mr. Pollard said.

A spokesman for the Serious Fraud Office in London, which is investigating allegations of fraud at Barings, refused to say whether it would welcome assistance from Mr. Leeson.

## At Last, an End to Losses? Siemens Nixdorf Close to Break-Even

By Brandon Mitchener  
International Herald Tribune

HANOVER, Germany — Five years after it was formed, the computer maker Siemens Nixdorf Information Systems AG is finally close to profitability, company executives said Wednesday.

Heinrich von Pierer, chairman of Siemens AG, told the International Herald Tribune he was "quite sure" the perennially unprofitable unit would stop its losses "next year."

But Gerhard Schulmeyer, who became chairman of Siemens Nixdorf last October after more than 10 years working for Motorola Inc. and ABB Asea Brown Boveri Ltd. in the United States, told reporters at the Cebit computer fair here that he would be "crazy" to promise to make a profit any time soon.

"We're beginning to glimpse where we're headed," he said.

Still, Mr. von Pierer, wearing a company lapel pin that read, "We will make it happen," said he had full confidence that Mr. Schulmeyer, who has taught business at the Massachusetts Institute of Technology, would achieve the long-awaited break-even "and maybe even better."

His prediction came as Siemens Nixdorf began to recoup market share after years of losing ground.

In the first five months of the company's current financial year, which began Oct. 1,

group sales were up 9 percent and orders were up 18 percent from a year earlier. In February alone, orders were up 28 percent from a year earlier, Mr. Schulmeyer said in an interview at the company's sprawling exhibit.

The company's personal computer division, its fastest growing, is up 57 percent from a year earlier, he said.

"Sure, the German market has improved, but where before we were underperforming the market, we're now outperforming it, and that much we can probably attribute to the mobilization," he said, referring to the "Culture Change Program" he launched in mid-1994.

Nevertheless, the company is only halfway through the restructuring, which costs it "hundreds of millions of Deutsche marks" a year, Mr. Schulmeyer said. Rather than cash, he added, "our problem is whether we can generate the competitive capabilities — structurally and behaviorally — to get up to speed in what's going on in this world."

Siemens Nixdorf unit has lost \$1.3 billion in the four years since its foundation and has shed almost 15,000 workers, or 30 percent of its work force. Mr. Schulmeyer said the payroll is set to be cut by 3,000 people this year, including heavy reductions among managers, whom he described as the slowest to adapt to change.

The company's corporate divisions, meanwhile, have been given an April deadline to

See SIEMENS, Page 12

## Volvo Reports Record Profit But Stock Falls

Compiled by Our Staff From Dispatches

GOTHENBURG, Sweden — Investors were disappointed, but Volvo AB reported the largest pretax profit in Swedish industrial history Wednesday, as booming car and truck sales pushed income 40 percent higher and the company benefited from larger-than-expected gains from asset sales.

Volvo posted a pretax profit of 16.38 billion kronor (\$2.27 billion) in 1994, compared with a loss of 2.64 billion kronor in 1993 and above analysts' expectations.

Volvo said it expected European car sales to continue to grow in 1995 but that U.S. sales were slowing down.

Volvo's shares fell 2.5 kronor, to 134 kronor, their lowest closing price in four months, on double their average daily volume, even as Volvo said it would more than double its dividend, to 3.4 kronor per share.

"The dividend is a little better than forecast and the operating profit a little worse, so the report is mixed," said Gunnar Andersson, an analyst at Svenska Handelsbanken in Stockholm. "All in all I'd say it was weaker than I had expected."

The result was also not enough to satisfy Soeren Gyll, Volvo's chief executive. He said the company's aim was to show a "clearly better" result in 1995.

Operating profit for the year was 8.94 billion kronor following a loss of 52 million kronor, but analysts said fourth-quarter sales and results were below expectations. Mr. Gyll also said the operating margin was not high enough at 5.7 percent for the year. "Our target is, as soon as possible, to reach 7 percent," he said.

The company said it was able to eliminate its entire net debt by the end of 1994 thanks to the larger-than-expected gains from asset sales of 4.24 billion kronor.

Mr. Gyll said the company was not as strong as he thought it was six months ago, he said. "I think it's still wait-and-see time."

Another Ford executive, Edward Hagelocker, said he expected U.S. auto sales to be even with or better than last year's, when auto makers sold 1.54 million cars and trucks.

"Right now I still think the industry is reasonably strong," he said. "At least as strong as last year, and probably a little bit stronger."

It also received 3.32 billion kronor in revenue from its interests in noncore companies.

Volvo has in recent months been engaged in a drive to concentrate on its core activities in the automotive business. That has meant selling off its other properties. (Bloomberg, AP)

### Ford Wary of Rate Rises

Alex Trotman, chairman of Ford Motor Co., said that increases in U.S. interest rates would hurt auto sales at a time when there was a lot of uncertainty among car buyers. Reuters reported from Livonia, Michigan.

Mr. Trotman said consumers were worried about the economy and interest rates. "Another hit would hurt," he said. "It's simply a feeling that, all things considered, another hit of a half-percentage point, would at this point damage confidence."

Mr. Trotman said Ford had not lowered its 1995 industry sales forecast from its previous estimate of 15.8 million to 15.9 million cars and trucks. He said he was concerned about the slowdown in auto sales in January and February but wanted to wait until March results were in before drawing any conclusions that the market had weakened.

"It could be that the industry is not as strong as we thought it was six months ago," he said. "I think it's still wait-and-see time."

Another Ford executive, Edward Hagelocker, said he expected U.S. auto sales to be even with or better than last year's, when auto makers sold 1.54 million cars and trucks.

"Right now I still think the industry is reasonably strong," he said. "At least as strong as last year, and probably a little bit stronger."

## German Wage Deadlock Eases

Reuters

BONN — The deadlock in Germany's 1995 wage talks began to ease on Wednesday as several industries reached pay agreements matching Tuesday's benchmark deal for the metalworking sector.

The insurance and wood processing industries struck deals increasing pay by 4 percent and 3.6 percent, respectively, in line with the metalworkers' raise of about 4 percent.

But industry and labor negotiators in the important chemical and banking sectors remained at loggerheads, with chemical employers ruling out a 4 percent wage increase.

Germany's unions usually agree to similar wage deals after a benchmark settlement is reached. This year, the pace-setter was the IG Metall union's accord with metalworking companies in Bavaria.

Wage negotiations in the chemical industry resumed Wednesday in Hesse, with the IG Chemie union predicting an accord that could set a standard for its members nationwide.

But IG Chemie continued to demand a 6 percent wage increase while employers warned that the industry was beset by structural problems and could not afford 4 percent.

Meanwhile, the threat of

strikes loomed over the West German banking sector, whose 430,000 employees are also insisting on a 6 percent raise. Employers have offered 2.4 percent.

The insurance industry accord was reached early Wednesday after 14 hours of talks. It comprises a one-time payment of 200 Deutsche marks (\$143) for February, March and April, and a 3.8 percent pay raise for 15 months, starting in May.

The wood industry pact, in the state of Lower Saxony, covers two years, with a 3.6 percent raise retroactive to March 1 and a 3.4 percent increase to take effect on March 1, 1996.

## INTERNATIONAL MANAGER

### Interdigital Tilts at Wireless Windmills

By Edmund L. Andrews  
New York Times Service

NEW YORK — The contest might look quixotic. A small manufacturer that has lost money in every one of its 23 years is tilting at rich and mighty Motorola Inc. and, by extension, almost every other maker of wireless communications equipment.

If it wins, tiny Interdigital Communications Corp. could conceivably earn hundreds of millions of dollars in royalties over the next decade. If it loses, it might well remain what it has long been: a marginal player, unable to capitalize on the exploding growth in wireless communications.

Waving a fistful of patents before a federal jury, Interdigital is contending that it has royalty rights to an emerging wireless technology now making its way into the phones and networks of some of the world's largest cellular companies.

Within a few years, the technology also may be used in other new forms of wireless networks, whether satellite telephone systems or the so-called personal communications services now attracting billions of dollars in auction bidding at the Federal Communications Commission.

The technology, which uses the digital pulses of computers instead of conventional analog radio waves, allows a number of voice or data conversations to be packed into a channel that can accommo-

date only a single analog conversation.

In the fight, Motorola says Interdigital has not invented anything and has used the company in an effort to get the patents revoked. But other big companies — including AT&T Corp., Matsushita Electric Industrial Co. and Siemens AG — have already taken Interdigital's contentions

Waving patents before a federal jury, Interdigital contends it has royalty rights to an emerging wireless technology.

seriously enough to have agreed in recent months to pay a total of \$50 million to keep the company at bay.

These deals have been a tonic for Interdigital's stock, which was languishing at \$2 a share last August, but recently has been trading above \$10. Late Wednesday, shares of the company, which is based in King of Prussia, Pennsylvania, were trading at \$10.625, up 12.5 cents, on the American Stock Exchange.

Whether AT&T and the others end up paying more to Interdigital could depend on the outcome of the suit against Motorola. The trial began late last week in Wilmington, Delaware, and is expected to last about three weeks.

In opening arguments last week, Motorola said Interdigital was merely trying to shake down other manufacturers after failing to sell its own equipment successfully. Interdigital "has never made a profit, never made a dime," said Robert Krupka, a Motorola lawyer.

Although Interdigital has lost money on sales of its own analog cellular phones, it contends that it nonetheless controls rights to the new generation of digital technology. Interdigital says it successfully developed a wireless technique that a number of other parties — including the Pentagon — had been unable to master.

"We invented a system of digital wireless terrestrial communications," William Doyle, Interdigital's president, said shortly before the trial began. "The U.S. military spent billions to develop a terrestrial system that provided adequate voice quality, and they couldn't do it."

At issue is something that goes by the name of time-division multiple access. This is a wireless technology that transmits voice and data in digital form, as a stream of ones and zeroes, and makes it possible to cram about four wireless calls onto one conventional cellular channel.

That kind of efficiency is crucial in cellular communications because the available radio frequencies are already congested in some cities as the number of customers has soared. Such efficiency will be just as important in the coming generations of wireless communications.

## U.S. Targets Each Link in Insider Chains

By Floyd Norris  
New York Times Service

NEW YORK — If you had some hot inside information, would you tell a friend? And would that friend tell another?

In the case of two takeovers five years ago, federal investigators say the answer was yes, over and over again. The result is two overlapping insider trading investigations that are setting records for the number of levels, or generations, of tipping involved.

What are likely to be the final civil charges in the cases were filed this week in U.S. District Court in New York. That filing connected the two cases for the first time.

"This goes nine levels down," said Robert Blackburn, the deputy director of the Securities and Exchange Commission's New York regional office. "It is indicative of the commitment the agency has to see it through."

A total of 29 people now have been accused of insider trading in the takeover of Motel 6. Ten individuals have been charged in insider trading in the other case, involving the takeover of Norton Co., but that is the one in which officials say there were nine generations of tippees. In the Motel 6 case, there were seven generations.

The way the agency counts such generations is that anyone told by an insider who had legitimate access to the information of a pending takeover is a first generation tippee. Anyone that person tells is a second generation tippee. And so on.

For prosecutors, winning cases against tippees farther down the chain can be more difficult. That is because the courts have indicated that to violate the law a trader must not only have inside information, he or she must know it came from someone who was violating a duty not to disclose it.

So far there have been guilty pleas by a total of 12 people. Four of them were involved only in Motel 6, four in Norton and four in both cases. One other person is under indictment in the Motel 6 case. On the civil front, eight have settled with the SEC while others are fighting the allegations.

In the case of Motel 6, the Securities and Exchange Commission says, the insider was Hugh Thrasher, a former vice president of the motel chain.

At Norton, the insider was Christopher M. Garvey, then a paralegal for the law firm of Skadden, Arps, Slate, Meagher & Flom, which represented BTR PLC, the British company

that made a hostile tender offer for Norton. Ultimately, Norton was bought by Saint-Gobain SA of France.

Although there is no evidence that Mr. Garvey and Mr. Thrasher had ever heard of each other, or even that they had common friends, the information eventually came to some of the same people. In the process it traveled across the United States and to Europe quite rapidly.

All told, the SEC claims total insider trading profits of \$7 million were realized from information that came from Mr. Thrasher. Mr. Thrasher has not settled with the SEC or faced criminal charges. He is said to have passed word of a pending friendly takeover of Motel 6 by Accor SA, the French hotel company, but is not said to have traded himself.

His lawyer maintains that he did not intentionally release the information, but might have let something out inadvertently.

Mr. Garvey has settled with the SEC and pleaded guilty to conspiring to violate the securities laws in a series of cases. He is said to have gotten a total of \$7,000 out of tips on a series of deals. He was sentenced to three years probation and community service.

As the SEC tells it, in the Motel 6 case, Mr. Thrasher told a close friend, Carl Harris, who the SEC says was being supported financially by Mr. Thrasher and has since died.

Mr. Harris is said to have told his friend, Gregg R. Shawzin, who tipped John H. Anderson, a friend, who told a former college classmate, Joseph P. Greenwald, then president of Greenwald Securities of New York. Mr. Shawzin was a commodities broker, while Mr. Anderson ran a chain of tanning parlors in California.

Mr. Greenwald is said to have then tipped Jeffrey F. Green, a broker at Mr. Greenwald's firm, and Joseph Latona, an employee of R. H. Sullivan & Co., a French hotel company, but is not said to have traded himself.

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In the Norton case, the chain is said to have gone from Mr. Garvey to a friend, Darrin Gleeman, who told his father, Seymour Gleeman, an IBM employee who told Edwin Karger, an IBM colleague. And Mr. Karger, then told Mr. Belleza, who thus became the fourth-generation tippee in the Norton case and the seventh-generation tippee of Motel 6.

Mr. Belleza is then said to have told Mr. Borlinghaus, who told Mr. Grein, who told Mr. Latona, who told Mr. Greenwald, who told Mr. Green.

The saga, as told in complaints and plea agreements, included Mr. Borlinghaus and Mr. Belleza traveling to Luxembourg to pick up some of the profits, flying home with \$300,000 in cash, some of it to be split up with others.

Of the alleged tippees named above, Mr. Karger and Darrin Gleeman have settled SEC civil charges and pleaded guilty to crimes related to the trading. Mr. Anderson, Mr. Shawzin, Seymour Gleeman, Mr. Borlinghaus, Mr. Latona and Mr. Greenwald have pleaded guilty to criminal charges and still face civil charges.

Civil charges were filed this week against Mr. Belleza and Mr. Grein.

## CURRENCY & INTEREST RATES

Cross Rates									
	1 DM	1 Yen	1 Lira	1 P. \$	1 S. \$	1 B. \$	1 C. \$	1 F. \$	1 ECU
Amsterdam	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
Brussels	2.53	4.45	0.55	0.07	0.02	0.01	0.01	0.01	0.01
Frankfurt	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
London (1)	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
Australia	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
India	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
Japan	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
New York (1)	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
Paris	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
Tokyo	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
Zurich	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
1 ECU	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
1 SDR	1.59	2.53	0.33	0.04	0.01	0.01	0.01	0.01	0.01
Closing in Amsterdam, London, Milan, Paris, New York and Zurich. Rates in other centers: Toronto rates of 3 p.m.									
A: To buy one pound; B: To buy one dollar; C: Units of 100; D: Not quoted; E: Not available.									
Eurocurrency Deposits									
	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years	10 years
1-month	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%
3-months	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%
6-months	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%
1-year	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%
Sources: Reuters, Lloyds Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).									
Key Money Rates									
	1-month	3-months	6-months	1-year	2-years	3-years	4-years	5-years	10-years
1-month	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%
3-months	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%
6-months	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%	1 1/4%
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Japan	1.59	2.53	0.33	0.04	0.01	0.01			
New York (1)	1.59	2.53	0.33	0.04	0.01	0.01			
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Sources: Reuters, Lloyds Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).									
Other Dollar Values									
	1 USD	1 DM	1 Yen	1 Lira	1 P. \$	1			
Amsterdam	1.59	2.53	0.33	0.04	0.01	0.01			
Brussels	2.53	4.45	0.55	0.07	0.02	0.01			
Frankfurt	1.59	2.53	0.33	0.04	0.01	0.01			
London (1)	1.59	2.53	0.33	0.04	0.01	0.01			
Australia	1.59	2.53	0.33	0.04	0.01	0.01			
India	1.59	2.53	0.33	0.04	0.01	0.01			
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Zurich	1.59	2.53	0.33	0.04	0.01	0.01			
1 ECU	1.59	2.53	0.33	0.04	0.01	0.01			
1 SDR	1.59	2.53	0.33	0.04	0.01	0.01			
Closing in Amsterdam, London, Milan, Paris, New York and Zurich. Rates in other centers: Toronto rates of 3 p.m.									
A: To buy one pound; B: To buy one dollar; C: Units of 100; D: Not quoted; E: Not available.									
Eurocurrency Deposits									
	1 month	3 months	6 months	1 year	2 years	3 years			
1-month	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%			
3-months	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%			
6-months	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%			
1-year	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%			
Sources: Reuters, Lloyds Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).									
Key Money Rates									
	1-month	3-months	6-months	1-year	2-years	3-years			
1-month	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%			
3-months	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%			
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1-year	6 1/4%	4 1/4%	3 1/4%	2 1/4%	1 1/4%	1 1/4%			
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1-month	6 1/4%	4 1/4%							



MARKET DIARY

# Dollar's Rebound Helps Spur Equities

**Bloomberg Business News**  
NEW YORK — Led by Microsoft, other technology issues and oil shares, U.S. stocks gained Wednesday as the dollar and Treasury bonds rebounded. But the advance was not widespread. About 11 stocks rose for every 10 that fell on the New York Stock Exchange, where volume was heavy at 340.5 million shares. The Dow

suggested that the company's long-awaited Windows 95 operating system was on schedule for delivery in August and that the dollar's drop would boost Microsoft's overseas sales. A handful of technology stocks rose in tandem with Microsoft. Novellus Systems climbed 1 1/2% to \$64. VLSI Technology added 3/4% to 16 1/2% and BMC Software rose 2% to 65%.

Oil stocks climbed as investors looked for large, safe stocks with high dividends. Mobil rose 1 1/2% to \$29.50. Amoco rose 1% to 65% and Exxon climbed 3/4% to 64%.

U.S. bonds rose for the first time in six days as the dollar rebounded, boosting optimism that international investors would buy more of the securities. The benchmark 30-year Treasury bond rose 31/32 to 100 31/32, pushing the yield to 7.54 percent, down from 7.62 percent Tuesday.

"Bonds are bouncing back because of the better currency," said Barbara Kenworthy, who manages more than \$2 billion in bonds at Prudential Investment Advisors in Newark, New Jersey.

## U.S. Stocks

Jones Industrial average ended 16.60 points higher, at 3,979.23. Share prices were being fueled by "good earnings at so many companies," said Steven Zenker, a money manager at McCabe Capital Managers in King of Prussia, Pennsylvania. Also helping was the prospect that investors who had lost money in Latin American and Asian markets would return some assets to the United States, Mr. Zenker said.

Microsoft surged 3 1/2% to 68 1/2, a 52-week high, after the software company's executives spoke at a technology-investor symposium sponsored by Goldman, Sachs & Co. They

# Europe Markets Mixed As Dollar Fears Subside

**Bloomberg Business News**  
LONDON — European stock markets were mixed as concern eased about the adverse effect of a weak dollar on the earnings of European exporters with substantial U.S. sales.

Bonds rose, led by U.S. Treasuries, as the dollar crept up after several central banks lifted interest rates and the chairman of the Federal Reserve Board indicated the dollar's plunge had gone too far.

"The pandemonium's coming to a head as those countries hit hardest by the recent currency turmoil start adjusting interest rates," Jerry Evans of Kleinwort Benson said. "At least that shows investors that they're sitting up and listening. That's taken the pressure off the dollar a bit, which is also helping European markets recover."

In London, the Financial Times-Stock Exchange 100 index rose 0.54 percent, while leading stock indexes rose 1.05 percent in Paris, 0.16 percent in Brussels and 0.78 percent in Stockholm. But the DAX index in Frankfurt fell 1.37 percent,

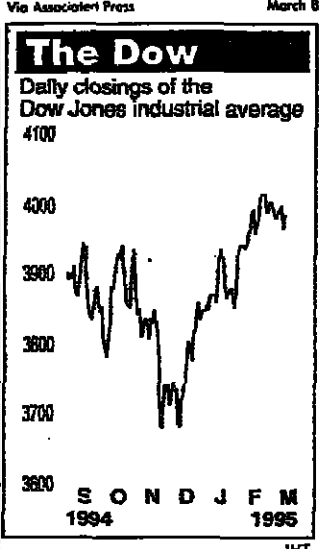
and the leading indexes fell 0.69 percent in Amsterdam and 1.07 percent in Zurich.

The Spanish stock market was the day's biggest decliner, with the IBEX index down 2.06 percent to a 19-month low amid concern that speculators had targeted the market as the one currency to push out of the European exchange rate mechanism.

"We still have a full-blown currency crisis," said Henrik Lundborg, chief economist at Bank of America in Madrid. "The peseta will continue to go down. It's been targeted."

The peseta, which was devalued 7 percent Monday, fell more than 8 percent against the mark through Wednesday.

But Spanish bond yields posted their biggest decline in two weeks when the peseta recovered somewhat during Wednesday. The German bond market also rose, with the 10-year bund's yield falling to 7.42 percent from 7.44 percent Tuesday. In Paris, the yield on the 10-year OAT bond fell to 8.22 percent from 8.26 percent Tuesday.



Source: S&P 500

**NYSE Most Active**

Vol.	High	Low	Last	Chg.
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4

**NASDAQ Most Active**

Vol.	High	Low	Last	Chg.
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4

**AMEX Most Active**

Vol.	High	Low	Last	Chg.
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4
Amgen	19.14	19.14	19.14	+1/4

**Market Sales**

NYSE	AMEX	NASDAQ
340,500,000	10,000,000	10,000,000
340,500,000	10,000,000	10,000,000
340,500,000	10,000,000	10,000,000
340,500,000	10,000,000	10,000,000
340,500,000	10,000,000	10,000,000

**Dow Jones Averages**

Index	Open	High	Low	Last	Chg.
INDUS	3971.77	3985.46	3954.00	3979.23	+16.60
Transp	1546.29	1547.25	1539.80	1540.25	+1.00
Unemp	180.20	180.20	179.20	179.20	-1.00
Comp	180.20	180.20	179.20	179.20	-1.00

**Standard & Poor's Indexes**

Index	High	Low	Close	Chg.
Industrials	375.46	372.30	374.43	+1.34
Transp.	154.69	154.09	154.54	+0.45
Utilities	45.18	44.71	44.94	+0.23
Finance	48.28	47.81	48.14	+0.33
SP 500	482.70	480.32	481.70	+1.38

**NYSE Indexes**

Index	High	Low	Close	Chg.
Composite	262.04	260.72	261.59	+0.34
Industrials	272.71	270.25	271.24	+0.80
Transp.	23.22	23.22	23.24	+0.11
Utilities	21.28	21.28	21.28	-0.19
Finance	21.28	21.28	21.28	-0.19

**NASDAQ Indexes**

Index	High	Low	Close	Chg.
Composite	791.32	787.13	788.44	+1.31
Industrials	772.49	767.13	768.01	+0.82
Transp.	72.49	72.49	72.49	-0.44
Utilities	100.95	100.95	100.95	-0.24
Finance	69.11	69.11	69.11	-0.24

**AMEX Stock Index**

Index	High	Low	Close	Chg.
Composite	450.23	449.23	449.55	+0.31

**Dow Jones Bond Averages**

Index	Close	Chg.
20 Bonds	98.90	+0.16
10 Industrials	100.74	+0.20

**NYSE Diary**

Index	Close	Prev.
Advanced	1129	1074
Declined	1052	1054
Unchanged	291	291
Total Issues	105	104
New Issues	105	104

**AMEX Diary**

Index	Close	Prev.
Advanced	270	188
Declined	229	188
Unchanged	79	79
Total Issues	18	18
New Issues	18	18

**NASDAQ Diary**

Index	Close	Prev.
Advanced	1445	1397
Declined	1581	1581
Unchanged	218	218
Total Issues	181	181
New Issues	88	91

**Spot Commodities**

Commodity	Today	Prev.
Aluminum, lb	0.822	0.830
Aluminum, metric ton	2130	2120
Copper, lb	0.425	0.425
Copper, metric ton	1377	1377
Gold, 100 oz	358.00	358.00
Silver, 100 oz	16.00	16.00

**EUROPEAN FUTURES**

Index	Open	High	Low	Close	Chg.
ALUMINUM (LME)	1780.00	1780.00	1780.00	1780.00	0.00
COPPER (LME)	200.00	200.00	200.00	200.00	0.00
Gold (LME)	358.00	358.00	358.00	358.00	0.00
Silver (LME)	16.00	16.00	16.00	16.00	0.00

**Metals**

Index	Open	High	Low	Close	Chg.
ALUMINUM (COMEX)	1780.00	1780.00	1780.00	1780.00	0.00
COPPER (COMEX)	200.00	200.00	200.00	200.00	0.00
Gold (COMEX)	358.00	358.00	358.00	358.00	0.00
Silver (COMEX)	16.00	16.00	16.00	16.00	0.00

**Financial**

Index	Open	High	Low	Close	Chg.
3-MONTH LIBOR (LIFPE)	5.12	5.12	5.12	5.12	0.00
6-MONTH LIBOR (LIFPE)	5.12	5.12	5.12	5.12	0.00
9-MONTH LIBOR (LIFPE)	5.12	5.12	5.12	5.12	0.00
12-MONTH LIBOR (LIFPE)	5.12	5.12	5.12	5.12	0.00

**Stock Indexes**

Index	Open	High	Low	Close	Chg.
FTSE 100 (LIFPE)	2620.00	2620.00	2620.00	2620.00	0.00
DAX (LIFPE)	2620.00	2620.00	2620.00	2620.00	0.00
Nikkei 225 (LIFPE)	2620.00	2620.00	2620.00	2620.00	0.00
Hong Kong (LIFPE)	2620.00	2620.00	2620.00	2620.00	0.00

**Dividends**

Company	Dividend	Yield
Amgen	0.40	4.4%
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**Stock Splits**

Company	Split
Amgen	2:1
Amgen	2:1
Amgen	2:1
Amgen	2:1
Amgen	2:1

**Initial**

Company	Initial
Amgen	100
Amgen	100
Amgen	100
Amgen	100
Amgen	100

**Special**

Company	Special
Amgen	100
Amgen	100
Amgen	100
Amgen	100
Amgen	100

**Regular**

Company	Regular
Amgen	100
Amgen	100
Amgen	100
Amgen	100
Amgen	100

**Industrials**

Index	Open	High	Low	Close	Chg.
ALUMINUM (LME)	1780.00	1780.00	1780.00	1780.00	0.00
COPPER (LME)	200.00	200.00	200.00	200.00	0.00
Gold (LME)	358.00	358.00	358.00	358.00	0.00
Silver (LME)	16.00	16.00	16.00	16.00	0.00

**Metals**

Index	Open	High	Low	Close	Chg.
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Amgen	100
Amgen	100
Amgen	100
Amgen	100

**Special**

Company	Special
Amgen	100
Amgen	100
Amgen	100
Amgen	100
Amgen	100

**Regular**

Company	Regular
Amgen	100
Amgen	100
Amgen	100
Amgen	100
Amgen	100

e-revised payable date. n-revised record date.					
INITIAL					
NewBrunswick Scient	-	.85	3-15	4-7	
SPECIAL					
Devlo Indus	\$	.10	3-30	4-2	
Int'l Recovery Co	-	.10	3-22	4-4	
REGULAR					
All Amer Term	M	.10	3-16	3-3	
Berry Petrol A	Q	.10	3-17	3-2	
Concorator Ind	Q	.105	3-22	4-1	
Emerald Alkds II	Q	.1125	3-17	3-3	
	Q	.10	3-17	3-3	



# Tobacco Sales Keep Earnings Stable at BAT

Patrick Sheehy, BAT's chairman, said "1994 was a good year

Claims from the Northridge earthquake in California now total \$1.7 billion for Farmers Group, a U.S.-based BAT unit. (Bloomberg, Reuters)

"There is now a general consensus," he said, "that we shall succeed if we make a big commitment in Asia, where many little Hong Kongs are emerging."

Speaking in Paris, Mr. Barnevik said

The two parent companies each own half of ABB and will share its dividend of 185 million Swiss francs (\$159 million).

Standard Chartered said it had not been affected by the Baring PLC debacle. It had a

Sources: Reuters, AFP

Prices for the nonferrous metals that RTZ produces, such as copper, gold, aluminum, lead, zinc and silver, rose an average 22 percent last year, which contributed £173 million to earnings.

Mr. Wilson said he expected world economic growth to stoke demand for metals, keeping the market tight and prices supported for at least another year.

Cadbury recently moved into third place in the lucrative U.S. soft drink market with the \$2.45 billion purchase of Dr Pepper/Seven-Up Cos. and said it expected this would buoy profit in 1995. The company's American region achieved a 30 percent rise in profit, re-

The company's stock slipped 3 pence on Tuesday, to 423. "Since Cadbury flagged its results so close to the actual

David Wellings, chief executive, said that the company expected to recoup

As a result, Cadbury may open a

Operating profit rose to £41.

• **BASF AG** said a survey of its share ownership had shown that 26.8 percent of the company was in foreign hands, up from 23.1 percent in a comparable survey in March 1988.

• **Britain's industrial output** fell a seasonally adjusted 0.5 percent in January from December, while manufacturing production fell by 0.6 percent in the same period.

primarily to write off goodwill and losses related to the sale of the Texas Homecare home improvement chain. The company earned £51.4 million in 1993. *Bloomberg, NYT, Knight-Ridder, AFX, Reuters.*

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and for information on the IMD MBA please call 41 21/618 02 98 or fax 41 21/618 07 07



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一、關於我國經濟建設的方針。我國經濟建設的方針，是發展生產，繁榮經濟，改善民生，增加就業，以達到國家的富強和人民的幸福。

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**INTERNATIONAL  
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DAILY NEWSPAPER

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12 Month High Low Range	Div	Yld	PE	High	Low	Range	Close
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9.00	1.00	4.00	10.00	9.00	7.00	9.00	8.00
8.00	1.00	4.00	10.00	8.00	6.00	8.00	7.00
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3.00	1.00	4.00	10.00	3.00	1.00	3.00	2.00
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1. *Chlorophyll* is the green pigment found in plants which is responsible for the process of photosynthesis. It is located in the chloroplasts of plant cells.

2. *Photosynthesis* is the process by which plants use sunlight, carbon dioxide, and water to produce glucose and oxygen.

3. *Glucose* is a simple sugar that serves as a primary source of energy for plants and animals.

4. *Oxygen* is a gas that is produced during photosynthesis and is essential for the respiration of most living organisms.

5. *Chloroplasts* are organelles found in plant cells that contain chlorophyll and are the site of photosynthesis.

6. *Light energy* is converted into chemical energy during the process of photosynthesis.

7. *Carbon dioxide* is taken up by plants from the atmosphere and used in the process of photosynthesis.

8. *Water* is absorbed by plants from the soil and used in the process of photosynthesis.

9. *Stomata* are small openings on the surface of leaves that allow for the exchange of gases (carbon dioxide and oxygen) and water vapor.

10. *Transpiration* is the process by which water is lost from plants through the stomata.

11. *Guard cells* are specialized cells that surround the stomata and control their opening and closing.

12. *Xylem* is the tissue in plants that transports water and minerals from the roots to the leaves.

13. *Phloem* is the tissue in plants that transports organic nutrients (like glucose) from the leaves to other parts of the plant.

14. *Roots* are the underground parts of a plant that anchor it to the soil and absorb water and minerals.

15. *Stems* are the central parts of a plant that support the leaves and flowers and transport water and nutrients.

16. *Leaves* are the green, flat parts of a plant that are the primary site of photosynthesis.

17. *Flowers* are the reproductive parts of a plant that produce seeds.

18. *Seeds* are the reproductive units of a plant that can grow into new plants.

19. *Germination* is the process by which a seed grows into a new plant.

20. *Plants* are living organisms that are capable of photosynthesis and have a fixed, non-motile habit.

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## ASIA/PACIFIC

# Japan Prosecutors Raid Electronics Companies

Compiled by Our Staff From Dispatches

**TOKYO**—Prosecutors on Wednesday raided the offices of nine electronics companies accused by Japan's Fair Trade Commission of rigging bids on public-works contracts.

The searches for evidence came a day after the commission filed a criminal complaint accusing the nine, including Hitachi Ltd., Toshiba Corp. and Mitsubishi Electric Corp., of meeting to divide up sewerage contracts by deciding in advance who would submit the low bid for each project.

After the commission files a complaint, it is up to prosecutors to decide whether to take the case to court.

The investigation was the third such action by the Fair Trade Commission since Tokyo pledged to the United States in 1990 to stamp out bid-rigging, a practice known as *dango* in Japanese.

Domestic media reports said a record number of more than 200 prosecutors were mobilized for the latest probe.

The commission said that in a meeting in June 1993, Hitachi, Toshiba, Mitsubishi, Fuji Electric Co. and Meidensha Corp. guaranteed themselves 75 percent of the contracts for items such as computerized pumps and aeration devices. The rest went to four smaller companies — Yaskawa Electric Corp., Nissin Electric Co., Shinko Electric Co. and Takaka Electric Manufacturing Co.

If convicted, the companies could face up to 100 million yen (\$1 million) in fines, and executives could be fined or jailed for up to three years. "We take the prosecutors' investigation seriously," Hitachi said.

Shozo Takahashi, a spokesman for the government agency, said the commission had no estimate of how much the contracts were worth. But Nobuaki Kon, a sewer agency official, said the sewer authority awarded 46.8 billion yen (\$504 million) in electrical contracts in 1993.

The sewerage agency is a special corporation supervised by the Construction Ministry that awards contracts for sewerage facilities.

It was also raided, although Japan's Antimonopoly Law has no provision for punishing authorities who place orders for public projects on which there is bid-rigging. No criminal accusation was filed against the agency.

"It is very regrettable that our office was raided by prosecutors," the agency said. "We will do our best in cooperating with prosecutors in the investigation."

Japan's construction minister, Koken Nosaka, said Tuesday he has ordered his ministry to cooperate with the investigation and will punish anyone found guilty.

Wednesday's raids came a day after a court convicted three former construction company executives of giving a Japanese mayor 100 million yen in bribes for favorable consideration for public works contracts.

In 1990, Japan pledged to the United States to seek criminal prosecutions when companies or industries manipulated market share or engaged in other antitrust practices.

In their bilateral trade talks, Washington has pressed Tokyo to crack down on price cartels and other monopolistic practices that it describes as barriers to imports. (AP, Reuters, AFP)

# Japanese Unions Expected To Accept Smallest of Raises

AFP News

**TOKYO**—Japan's annual *shunto* spring wage negotiations are likely to end with record low wage rises as the effects of the January earthquake in Kobe and the yen's renewed rise overshadow labor demands, economists said Wednesday.

Analysts forecast average wage rises of between 2.8 percent and 3.35 percent, compared with an average settlement last year of 3.13 percent, the lowest rise since World War II.

"The main concern of the negotiators now is not a wage increase but keeping employment levels up, especially in the Kobe area," said Masaru Takagi, chief economist at Fuji Research Institute.

Mr. Takagi forecast an average wage rise of just under 3 percent once negotiations are completed around March 26. He said employers probably would have settled for an average above 3 percent, but the earthquake has hardened their stance as companies rebuild.

In light of the earthquake, the local division of the General Federation of Private Railways and Bus Workers Unions waived its right to strike earlier this month, a move that is seen weakening the position of other unions.

Japan's largest labor group, the Japanese Trade Unions Confederation, or *Rengo*, is seeking increases in monthly wages of 14,000 yen (\$151), equal to about a 5 percent wage rise.

Labor unions are seeking increases of between 5,500 yen and 20,000 yen, compared with the range last year of 12,500 yen to 22,000 yen, *Rengo* officials said.

Employers are seeking to freeze wages at previous-year levels.

Takeshi Nagano, the chairman of the Japan Federation of Employers Associations, or *Nikkeiren*, said Japan's wages were among the highest anywhere and increases needed to be moderated.

"Japan needs to hold down labor costs or it will be left behind the rest of the world," he said.

[Toyota Motor Corp. has "no

room" for any wage increases this year, the vice president of the company said, according to a Knight-Ridder dispatch from Nagoya.]

[Iwao Isomura told Kyodo news service that the steep rise in the yen had the same effect on the automaker's costs as a 10-percent wage increase.]

Analysts said despite signs that the Japanese economy was recovering, the labor market remained weak, although some economists said it could be stabilizing.

In January, unemployment rose to 2.9 percent from 2.8 percent, while the ratio of job offers to applicants improved to 0.66-to-1, according to government statistics.

Nippon Telegraph & Telephone Corp.'s union, which also agreed not to strike, settled with NTT management earlier this month for a 2.8 percent wage rise, down from its 3.36 percent increase last year.

The negotiations ended several weeks ahead of schedule and are seen setting the tone for future talks, analysts said.

"The NTT negotiations may reduce things a touch," said Robert Feldman, an economist with Salomon Brothers Inc., adding that he expected wage rises to average 3.35 percent.

Wage increases this year are "almost guaranteed to be worse than last year," said Brian Rose, an economist with S.G. Warburg & Co., who predicted average raises of about 2.8 percent.

"The labor market is still very weak," he said. "People thought the worst was over, but

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on 28.02.95  
US \$ 194.70  
Listed on the Amsterdam Stock Exchange

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Tel: +31-20-5211410.

[Toyota Motor Corp. has "no

# Tata Plans Shift To Keep Up With India's Reforms

Reuters

**BOMBAY**—India's largest industrial conglomerate is refocusing its operations to take advantage of the changed investment climate. Ratan Tata, chairman of the Tata group, said.

The strategy calls for a restructuring of the group, which comprises more than 75 companies, through amalgamations, takeovers and refocusing on core products.

Mr. Tata said late Tuesday. If necessary, the group will sell companies that do not have dominant positions in their industries, he said.

The Tata group, which has annual sales of \$5 billion, has grown from a tiny trading company established in 1848 into a consortium spanning the metals, engineering, power utilities and service sectors. The group plans to approach equity markets to fund new ventures, but Mr. Tata gave no details.

"Refocusing is really the name of the game," Mr. Tata said. "We're focusing ourselves on certain products in several of our companies, and we're going to do it while we choose to do it, rather than have the market dictate that we should. We should precede the market changes where we can foresee them."

Among Tata's initiatives are a 13-billion-rupee (\$409 million) joint venture with Singapore Airlines Ltd. to set up a domestic airline and a link with Daimler-Benz AG that will see German vehicles roll off Indian assembly lines, both by the end of the year.

Tata also is considering launching its own car aimed at the low end of the market. Tata Engineering & Locomotive Co. has already developed a low-priced car, but Mr. Tata said he had not yet decided if the car would be put into production.

Tata's shift in focus began in 1993, when one of the oldest companies in the

group, Tata Oil Mills Co., known as Tomco, was taken over by Hindustan-Lever Ltd., a unit of the Unilever Group. The controversial takeover spent two years in the courts before it was finally approved by the Supreme Court.

"Among the criteria we established for ourselves was whether we had dominant or major positions in the marketplace," Mr. Tata said. "Or we looked at restructuring ourselves by merging or amalgamating — or an exit, and Tomco probably came into that category."

Mr. Tata said that in order to ensure his group stays on top, it might be necessary to sell more companies in the future.

"It is possible that Tata companies will be merged with each other to make stronger individual companies," Mr. Tata added. "But it will also be possible that we will acquire new companies to give us a stronger position in the market or the industry if we think we need it."

He ruled out any new areas of activity overseas for now, saying he preferred to concentrate on India.

Mr. Tata said it would have been inconceivable for the Tata group to contemplate such changes 10 years ago.

When India embarked on a process of far-reaching economic reforms in 1991, after decades of economic isolation, many analysts said the Tata group, used to functioning in a protected economy for years, would be unable to adjust to the change.

"I don't think the view that our group would become extinct in the context of reform is true," Mr. Tata said. "We've been alive to the need for change, and though it may not be visible on the outside, attitudinally there has been change."

# China Sets New Body To Regulate Securities

Bloomberg Business News

**BEIJING**—Stung by a string of securities scandals, the Chinese government has set up a new supervisory committee to regulate the country's stock and futures markets, the official China Securities newspaper reported Wednesday.

The paper said China's cabinet, the State Council, had approved establishing the committee and would direct its activities.

The report did not say whether the committee would be more powerful than the existing market watchdog, the China Securities Regulatory Commission, although it did report that the new committee would be "the highest supervisory body."

The new committee would be in charge of the control, supervision and management of laws governing the futures and stock markets. It also will draft all laws concerning the two markets.

The paper said the committee would be charged with approving the establishment of brokerages for both markets and supervising the listing of Chinese companies on stock markets at home and abroad.

The new body's other powers include having the right to investigate the activities of brokerages, together with other concerned authorities. The committee will be empowered to fine companies found to have violated the laws.

The new committee will help make strategies for the longer-term development of the two markets, the paper said.

On Feb. 23, the Shanghai Securities Exchange canceled the last eight minutes of trading in one Treasury bond futures contract and accused Shanghai International Securities Co. of price manipulation. The company's trading losses may eventually amount to hundreds of millions of yuan.

In January, the regulatory commission fined a listed company and a brokerage 1 million yuan (\$118,000) each for rigging share prices.

# Investor's Asia

Exchange	Index	Wednesday Close	Previous Close	% Change
Hong Kong	Hang Seng	7,829.99	8,138.66	-3.67
Singapore	Straits Times	2,063.36	2,038.53	-1.22
Sydney	All Ordinaries	1,889.20	1,891.20	-0.11
Tokyo	Nikkei 225	16,021.31	16,055.28	-0.21
Kuala Lumpur	Composite	935.05	947.23	-1.29
Bangkok	SET	1,205.88	1,237.31	-2.54
Seoul	Composite Stock	940.05	936.31	+0.40
Taipei	Weighted Price	6,426.07	6,480.76	-0.84
Manila	PSE	2,411.75	2,447.00	-1.44
Jakarta	Stock Index	487.30	447.22	+8.96
New Zealand	NZSE-40	1,948.85	1,961.90	-0.67
Bombay	National Index	1,689.62	1,699.60	-0.59

Sources: Reuters, AFP

International Herald Tribune

# Very briefly:

- Bangkok Bank PLC and Krung Thai Bank PLC, the two largest commercial banks in Thailand, said they were raising their minimum overdraft rates, the equivalent of the U.S. prime lending rate, by half a percentage point, to 12.75 percent.
- Nikko Securities Co.'s Nikko Research Center forecast parent company pretax profits for Japan's listed companies to rise 8.8 percent in the year to March 1995, the first rise in five years.
- Industrial Bank of Japan Ltd. said it would cut the long-term prime lending rate by 0.4 percentage point, to 4.5 percent a year, effective Friday.
- Nagoya Textile Exchange, Nagoya Grains & Sugar Exchange and Toyohashi Cocoon Exchange are considering merging to combat dwindling trading volume.
- Daiwa Bank Co. will take a charge of 1 billion yen (\$11 million) against 1994 earnings to write off bad loans to a textile company client that filed for bankruptcy.
- Nippon Steel Corp. plans to set up a 50-50 joint venture with Nippon Oil Co. next month to produce carbon fiber materials.
- Japan's steel exports in January fell 1.8 percent from a year earlier, to 1.47 million metric tons, the Japan Iron and Steel Federation said.
- Electricite de France plans to invest more than \$2 billion in new power projects, primarily in Asia, the company said.
- American International Assurance Co., China Pacific Insurance Co. and Cyprus Eastern Co. have reached tentative agreements to move to Shanghai's historic Bund on the western bank of the Huangpu River.
- Acer Inc.'s sales rose nearly 70 percent on the year in February, to 3.25 billion Taiwan dollars (\$124 million), on booming multimedia personal computer sales, especially in the United States.
- India's software industry should grow by more than 40 percent in the year to March 1995, the National Association of Software and Services Companies predicted.

Bloomberg, AFP, Reuters, AP

# Legrand

The Board of Directors met under the chairmanship of Mr. François Grappotte in order to close the consolidated accounts for the year ending December 31, 1994.

Consolidated financial data (audited) (FF in millions)	1994	1993	Change
Net sales	10,370	9,983	+ 3.9 %
Net income (Group interest)	785	578	+ 36 %
% of sales	7.6 %	5.8 %	
Net cash flow	1,642	1,401	+ 17 %
% of sales	15.8 %	14.0 %	

At constant structure, net sales rose 4.4% in volume. The improvement in sales trends observed throughout 1994 continued in the first two months of 1995.

Over recent months, the Group has consolidated international positions with the acquisition of RIGamma in Italy and Power Centre in the UK, and has signed an agreement to establish a majority-owned joint venture in the Beijing region.

The Board of Directors will submit to the Annual General Meeting of Shareholders to be held at Limoges on May 30, 1995 resolutions calling for:  
- a ten-for-one share split after incorporation of reserves;  
- the payment of a dividend of FF 66.50 per ordinary share and FF 106.40 per preferred share (ADP), which compares with FF 57.50 and FF 92.00 respectively paid in 1994. After an advance payment on February 1, the balance, i.e. FF 37.50 per ordinary share, and FF 60 per preferred share, will be payable as of June 15, 1995.

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THE WORLD'S DATA NEWSPAPER



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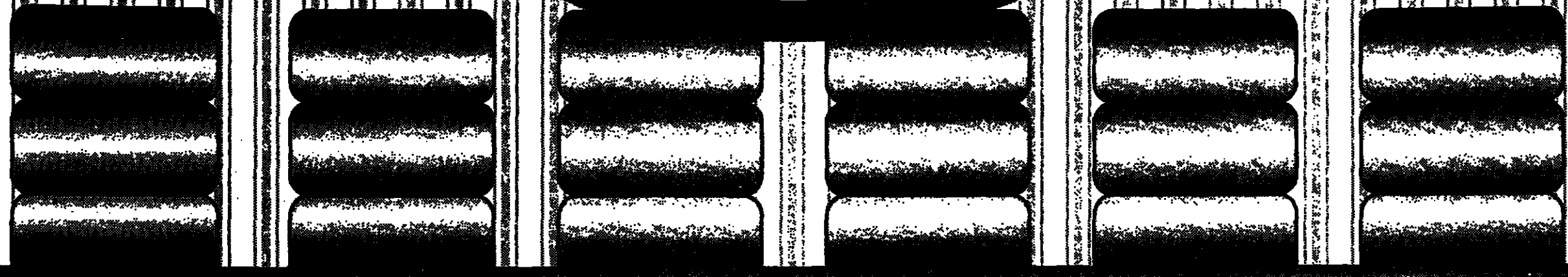
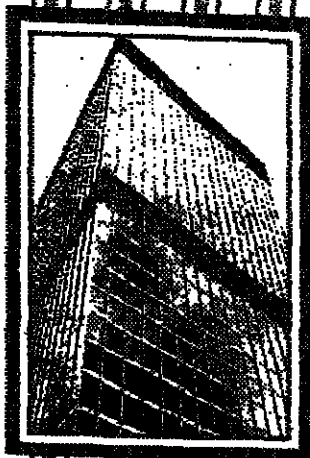
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Ex 150



## EU FUNDING AFFECTS CHOICE

*In a tough market, grants can powerfully reinforce other regional incentives.*

More and more places are playing the property card in a bid to attract inward investment. In this new buyers' market, companies are courted and commercial real estate developers can pick and choose between a whole range of investment incentives. But location is still the name of the game.

Cynics may contend that the only way to level out regional economic development across the European Union would be to flood the entire market with

funds. But however fast the level rose, certain locations would surely rise above it. While European funding is an essentially cooperative exercise, the national interest is strictly competitive.

By the late 1980s, the pan-European wave of corporate relocations had broken. Now the market is less concerned with welcoming newcomers than with winning repeat business from relatively recent arrivals. In most areas, there has been an accompanying shift away from mega-pro-

jects in favor of servicing the small- to medium-sized firm. The market is tough, so rather than seeking a loan or concession, the client is probably looking for a grant. And money is tight, which adds new interest to the notion of European funding.

Brussels funds two types of regional development. The first, which is intended to promote economic growth and prosperity, concerns four categories of pro-

*Continued on page 20*

## SHOWCASE FOR THE WORLD

*MIPIM attracts representatives from 2,000 companies based in 50 countries.*

MIPIM 95, the fifth annual international property showcase, which opens at the Palais des Festivals in Cannes on March 9, expects to host over 6,000 participants from 2,000 companies, representing over 50 countries. Each of those figures is more than double that of the first MIPIM in 1990.

MIPIM (it stands for *Marché International des Professionnels de l'Immobilier*) now claims to be the leading international property forum, important for generating new business opportunities and increasing awareness at government level of the needs and importance of the property industry.

It represents developers, planners, builders and property advisers, as well as a wide range of public corporations at municipal and regional levels.

This year will see strong contingents from Asia and Australia. The London stand will boast a 14 x 8 meter model of the City of London and Westminster and, together with the Docklands stand, will give London the biggest presence. **Mira Bar-Hillel**

**"REAL ESTATE AND DEVELOPMENT"**  
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Valuers

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## HOW TO MAKE IT IN FRANCE

### I- Why invest in France ?

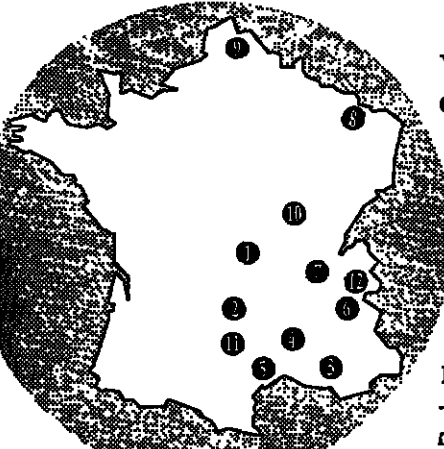
- Geographical situation in the heart of Europe.
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### II- Why invest in ex-mining regions ?

- Excellent amenities.
- Diversified and dynamic industrial environment.
- High quality workforce.
- Extensive financial aids.
- On-the-ground assistance from SOFREM.

### III- SOFREM- your partner

- Established in 1967, SOFREM is a subsidiary of Charbonnages de France, one of the biggest French industrial groups.
- SOFREM helps French and international companies to become established in ex-mining areas.
- SOFREM helps in two ways : by offering free advice and assistance at every stage of any development and through the provision of financial aids (see section VII).
- SOFREM has already helped about 1,500 companies to become established.



1- Auvergne, 2- Aveyron, 3- Bouches-du-Rhône, 4- Gard, 5- Hérault, 6- Isère, 7- Loire, 8- Moselle-Lorraine, 9- Nord-Pas-de-Calais, 10- Saône-et-Loire, 11- Tarn, 12- Savoie.

### V- Diversified and dynamic industrial environment

- Numerous companies operating in various manufacturing sectors.
- Numerous suppliers and sub-contractors.
- 250 foreign companies, including 80 German, 25 American, 25 Belgian, 20 British, 20 Dutch, 15 Italian and 15 Scandinavian.
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## REAL ESTATE &amp; DEVELOPMENT

SUPERHIGHWAY  
TO A COTTAGE?

Will a work-at-home revolution really happen?

The jargon is colorful. Terms like "cottageing," "hoteling," "hot-desking," "teleworking," "virtual" and "nonterritorial" come up often in discussions of the office of the future.

The idea is that the information superhighway will eliminate the need for the traditional office, where everyone goes to work at the same time and leaves at the same time. Instead, workers would stay at home or take to the road, connected to the home office only by the umbilical cord of their computer link. When necessary, they would show up at the office to meet with clients or coworkers, using shared office or conference space.

If this were to happen, it would be truly revolutionary. The implications for the real-estate and construction industries would be enormous, not to mention the effect on cities and transport systems as well as auxiliary industries (what would happen to downtown sandwich shops, for example?). In fact, the revolution does not seem to be taking place.

## Hot desks old hat

Mike Warner, a partner in Richard Ellis and head of its building consultancy division, says that although it is true that companies are using information technology to eliminate paper storage, the day of the paper-free office and teleworking from home has not yet arrived.

"I personally don't believe that it will happen," he says. "I am unconvinced that people work better from home, and anyway that 100 square feet of office space would still have to be provided for them." He points out that "hot-desking," the sharing of desks by employees like salespeople who spend most of their time in the field, has been practiced for years and is not a revolutionary concept.

And what about the human dimension? Do workers really want to stay at home all day? The answer from many commute-weary workers might be a resounding yes, but on reflection, most people agree that they need a change of scene every day.

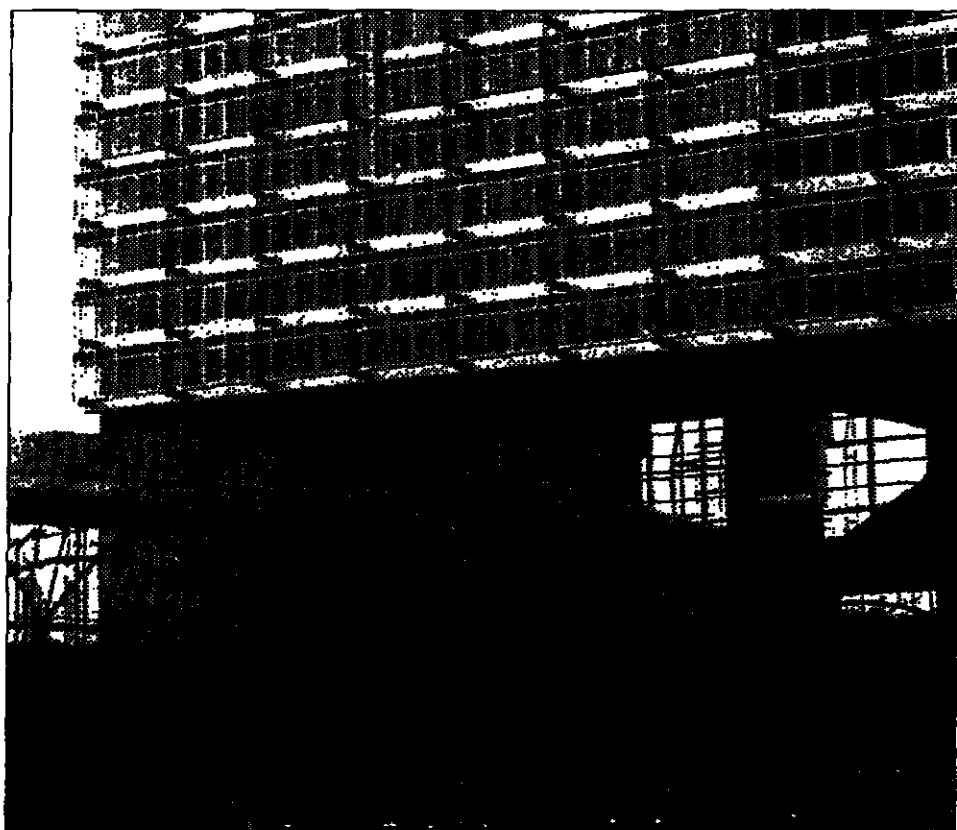
Because workers will probably be staying in the office for some time to come, the more immediate need is to improve working conditions, as many studies have shown that productivity is influenced by the work environment.

## User-driven

The primary change in the development of office buildings, according to Mr. Warner, is that the design of office space is now driven by the occupiers rather than the developers. During the real-estate boom of the 1980s, developers were throwing up generic buildings that could meet the needs of any user.

"Now, they are more tailored to the end-user," says Mr. Warner. "People want natural ventilation, more fresh air, windows that open. They want more control of their environment. Offices are taking on a more humanistic scale."

Heidi Ellison



Over the TGV's rails stands the futuristic LilleEurope office and commercial center.

OFFICE TOWER STRADDLES  
CROSSROADS OF EUROPE

Lille gains a central position from the inauguration of the Channel Tunnel.

Europe is shrinking rapidly thanks to high-speed trains and the inauguration of the Channel Tunnel last year. These developments have put the northern French city of Lille in an enviable position in Europe: By train from Lille, it now takes only one hour to travel to Paris, two hours to London and a half-hour to Brussels. By 1998, new train connections will put the city within an hour and a half of Cologne and three hours of Frankfurt.

Taking advantage of this privileged position is a new office building and commercial center, LilleEurope, located in Euraille, the futuristic new building complex at the entrance to the French side of the Channel Tunnel. Symbolizing the importance of this placement, LilleEurope's 25-story office tower actually straddles the rails over which 100 TGVs pass every day.

## Shopping area

The other part of the LilleEurope complex, the Atrium, will house a shopping area offering services similar to those available at an airport: perfume and other luxury goods, shops, banks, exchange bureaus, tobacco,

consists, news agents, pharmacies and travel agencies. The Atrium is also home to an international business and trade center supplying office space, meeting rooms, exhibition space and showrooms, and APIM (Agence de Promotion Internationale de la Métropole Lilloise), the business-development agency of Lille, which aids companies new to the area in establishing themselves there.

The complex was designed by architect Claude Vasconi in association with Jean-Claude Burdese for the tower and Patrick Vanderdoodt for the Atrium.

In keeping with the desires of office tenants, the available space makes the best use possible of natural light. Fiber-optic connections are possible for tenants who wish to be as well connected to the information superhighway as they are to the super-rail network.

The tower will be ready for occupation on July 1 and the Atrium commercial space on September 6, but LilleEurope's first major tenant, the French electricity giant EDF-GDF, will move into its new space in the Atrium in May.

R.E.

## IN THE UNITED STATES, INDUSTRY OUTPACES OFFICE SPACE

After the wounding 1980s, the commercial real estate market shows signs of recovery, particularly near aerospace and high-tech operations.

Although major financial institutions and Japanese investors retain battle wounds from the recessionary wars of the early 1980s, other investors are beginning to rush into U.S. commercial real estate. The recovery has resulted in lowered vacancy rates and, if not a raise in rents, at least a leveling off of declines, especially in Midtown Manhattan, San Francisco, Boston and Washington.

"Most markets are doing nicely," says Rick Pederson of Onco International, an organization of major commercial real estate firms. But, he adds, "Pockets of sluggishness tend to follow those economies late in coming out of recession." Washington, D.C. remains

the nation's strongest market. As Mr. Pederson points out, the federal government's demand for space is constantly increasing, no matter which philosophy dominates the political landscape. Other notable cities enjoying growth include Atlanta, which is benefiting from aerospace, tourism and corporate relocations; and San Francisco and Boston, home to financial service and high-tech companies.

Las Vegas, the fastest-growing commercial real estate market in North America, is emblematic of booming Southwest markets like Salt Lake City, Phoenix and Tucson. Chicago, the largest industrial market, has benefited from the rebound in the manufacturing sector.

Beset by instability in oil prices and the collapse of local institutional and private investors, Houston also remains a soft market. Wayne Woodruff, president of Real Estate Corp. of America (RCA), acknowledged that the downtown market is "not as dynamic as the outlying markets." Some of those sectors are rebounding, such as the Galleria, Greenway Plaza and Green's Point areas.

As in the rest of the United States, industrial outpaces office space. The North American Free Trade Agreement is expected to bolster manufacturing in border cities like Houston. Mr. Woodruff says.

California, which is only beginning its recovery, has

been hurt by military downsizing. Although Mr. Pederson concedes that "real estate values are still ticking down," he adds: "We are confident that California will come roaring back in five years."

## Flight to quality

In Midtown Manhattan, the Sony Corp. has burst out of its headquarters at the old AT&T building and is taking additional space nearby. Recent cutbacks in the financial sector have hurt New York. Mr. Pederson says, but Midtown remains very strong.

John Powers, executive managing director at Edward S. Gordon, cites two concurrent trends: the flight to quality and the reduction

of large blocks of space on the market. With the decline over the last few years in rental rates, many companies have traded up from "B" to "A" buildings.

"In Midtown, A-plus has always done well," says Jim Austrian of Austrian Roth & Partners. "C and below are in trouble and always will be."

With the absence of major new construction, those companies that are expanding or are planning for growth down the road are quickly locking in deals for whole floors and multiple floors in large buildings. Today, not only brokerage houses and high-tech firms need the amenities of A-rated buildings: Any business dependent on complicated

telephone and computer systems needs wide spaces between floors for wires. And everyone wants amenities like rapid elevators, upgraded lobbies and advanced air conditioning.

"Lots of small tenants are moving from 6,000 to 8,000 square feet," Mr. Powers says. "So we have a very strong small tenants' market in the city."

The weakness of the dollar has lured some foreign investors, but the Japanese are still absorbing their publicized and overpriced acquisitions of the 1980s. Other Asian investors, led by people from Hong Kong, "will be looking more for short-term holdings," according to Mr. Pederson.

Steve Weinstein

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## REAL ESTATE &amp; DEVELOPMENT



An artist's impression of London's major new development at Paternoster Square, which demands sensitive architecture because it is in the shadow of St. Paul's Cathedral.

## BRITISH HOPES ARE PINNED ON RENTS RISING SOON

On the industrial side, business leaders report "strong optimism" about prospects in energy, water, construction and manufacturing.

Britain's turbulent relationship with Europe is causing uncertainties that unsettle the entire economy, including the struggling property sector.

This is especially disturbing as earlier this year the market was showing clear signs of recovery. A enormous boost came in January with the news that two leading German institutions, Deutsche Bank and Westdeutsche Landesbank, had chosen London in preference to Frankfurt as a major office venue. At the same time, it was being predicted by agents like Richard Ellis that the end of 1995 would see serious shortages of prime new space in the City and West End of London that would lead to long-awaited rent rises.

The boom/bust cycle that engulfed London in the last years of the 1980s and first years of this decade resulted in a rental collapse of between 40 percent and 60 percent, to an average of £25 to £30 (\$39.50 to \$47.50) per square foot per annum on new rentals.

The crisis has had several side effects.

- The effective demise of that uniquely British institution, the 25-year lease with no breaks and upward-only rents. As tenants who signed such leases in the late 1980s continue to pay hugely unrealistic rents (or go bust) new tenants have simply refused to walk into the trap. This means investors are going to have to work harder for their returns.

- There has been a knock-on effect on rents in secondary areas, reducing the real level in Docklands to £5 to £7 per square foot per annum. This virtually excludes any new commercial development in Docklands until there is a substantial rise.

- Vast tranches of older, obsolete property, even in good locations, can not be rented, economically redeveloped or refurbished until rents rise.

## Feast to famine

A great deal, therefore, now depends on rents rising. After all, solutions like the £6 million pound conversion of Teziak House, an elderly office block in Aldersgate Street, into 50 pied-a-terres for City yuppies fed up with rapidly deteriorating commuter services, may be both enterprising and profitable but do little more than side-step the real issue.

"We have moved from feast to famine," say agents at Jones Lang Wootton, pointing out that only one 100,000 square foot building is available in the City; a 200,000 square foot unit will not be around for another two years.

Richard Ellis's figures show a reduction in new space available to only just

over 3 million square feet, less than one year's supply, at a time when the builders' crane has become an endangered species on the London skyline. So deep was the slump that even the 15 percent rent increases being forecast for this year may not be sufficient to bring enough speculative developers back into the market to turn it around.

All this could endanger the prospect of more European institutions choosing London as a main location. One of the only major schemes that looks like it will go ahead this year is Paternoster Square, which will provide 700,000 square feet of striking classical buildings in the shadow of St Paul's Cathedral. Several

British institutions are in discussion with the developers, Greycoat and Mitsubishi Estates, about funding.

## Retail growth

Elsewhere in the country, a survey by the Confederation of British Industry found that, while a quarter of companies said they expected to increase their property holdings, a third expected to reduce them. An even less optimistic finding was that most companies expected to employ fewer people in six months' time.

The only area where strong growth is indicated is the retail sector, with out-of-town locations being preferred.

On the industrial side, the Confederation of British In-

dustry found "strong optimism" about business prospects among companies in energy and water supply, distribution, construction and other manufacturing sectors. Whatever demand there is for industrial property is almost certain to come from these sectors.

M.B.H.

## INTERNATIONAL EXHIBITION TRANSFORMS LISBON MARKET

A derelict dockland area is to become a residential and business hub of the city.

Expo '98, dedicated to the theme "The Oceans, a Heritage for the Future," is expected to attract 14 million visitors to Lisbon and will have an impact on the city that endures long after the six months of the international exposition.

The 330-hectare site being cleared for Expo '98 along the Tagus river estuary will feature attractions like the biggest oceanarium in Europe. But the project is also designed to transform a derelict dockland area into a thriving new residential and business hub of the city.

Lisbon's plans to use Expo '98 as a catalyst to regenerate this area in the east of the city are believed to have weighed heavily in the decision to favor Lisbon over competing cities like Toronto for the site of the exposition. An important aspect of the project will be the development of residential, office and commercial complexes.

"The organizers have set the year 2015 as the horizon for the full development of the area," says Eric van Leuven, managing director in Portugal of Healey & Baker. "No other area of Lisbon has benefited from the type of planning going into this area, and the infrastructures being constructed will make it easily accessible."

## Transport links

Infrastructure being built includes a new 15-kilometer, six-lane bridge over the Tagus, a subway link, highways, ring roads and Portugal's first transport interchange station for buses, national railroad lines and the subway system. This is being designed by Spanish architect Santiago Calatrava, who has designed stations in Lyon and Zurich.

The Expo '98 site has the potential for several hundred thousand square meters of commercial development. The organizers plan to place all this development in the private sector, meaning that the number and type of projects will largely depend on how property developers view the potential of the site.

Its easy access and riverside location are likely to make the Expo '98 area highly at-

tractive as a residential site. Leading government departments and public-sector companies are expected to open offices there, which would help foster a trend for private companies to relocate to the area. Retail space is already in high demand, as it is all over Lisbon.

## Shopping center

Retail outlets are at a premium as Portugal's integration into the European Union and economic growth attract international investors. Three other important real estate developments in the country will help supply retail sites over the next few years. The Columbus Center, a mixed development in the Benfica suburb of Lisbon, will place 133,000 square meters of shopping space — making it one of the biggest shopping centers in Europe — on the market.

El Corte Ingles, the Spanish department store, is to take up a 30,000-square-meter anchor store in a development to be built alongside Lisbon's Eduardo VII park. An additional 20,000 square meters will be made available for smaller shops. In the town of Oeiras, a few miles west of Lisbon, a 40,000-square-meter shopping center with its own catchment area is due to be ready in 1996.

In addition, reconstruction of the historic Chiado shopping district of central Lisbon, where 18 prized 18th-century buildings were destroyed by fire in 1988, is due to be completed by the end of the 1990s. The new Chiado is being rebuilt out of the ruins in its original style under the direction of Alvaro Siza Vieira, a distinguished Portuguese architect.

In contrast to the booming retail sector, the Lisbon market for office space is suffering the effects of oversupply.

"Prime business district rents have fallen from 7,000 escudos (\$46) a square meter a month in 1991 to around 3,750 escudos," says Mr. van Leuven. They are at about the same level as rents in Amsterdam and Brussels.

Peter Wise

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## REAL ESTATE &amp; DEVELOPMENT



The modern architecture of Sophia Antipolis provides a welcoming environment for 950 enterprises employing 15,000 people from 50 countries.

## SUNSHINE IS ONLY PART OF THE SUCCESS OF SOPHIA ANTIPOLIS

The presence of a university with technical facilities, a favorable business environment and several established companies is necessary for a "technopole."

Imitation is said to be the sincerest form of flattery and, by that measure, Europe's oldest and largest technopole park is a resounding success as a commercial development. Sophia Antipolis, sprawling across 2,300 hectares of verdant slopes between Nice and Cannes in Southern France, has spawned numerous other "technopoles" in Europe's sunbelt and elsewhere, but none has achieved the size or reputation of the original.

The technopole's 950 enterprises employ 15,000 people from 50 countries, and inject over 15 billion francs (\$2.9 billion) into the local economy. There are, in addition, an estimated 18,000 local jobs indirectly created by on-site activities.

Gilberto Stellardo, president of the Sophia Antipolis SAEM (the organization responsible for the development and management of the park) and past president of the Nice-Côte d'Azur Chamber of Commerce, says, "In spite of the recession, the park creates 800 new jobs each year, and in 1994, that level was reached more than three months

ahead of schedule." By the end of this decade, more than 20,000 jobs will have been created at Sophia.

Changing configuration Although the number of enterprises and employees continues to grow, their configuration is changing. In the early days, Sophia's developers sought to "import" large companies, predominantly American, working in information technology. IBM had established a location in nearby La Gaude in 1962, and that made it easier for the park's developers to convince others to come. Texas Instruments and Digital Equipment followed, attracting other computer companies to Sophia. Today 90 non-French companies, mostly American, are located in Sophia.

Mr. Stellardo explains, "Americans accepted the idea that you could work in the sunshine and be more efficient. When an employee is happy, he or she is more productive." But more than 300 days of sunshine a year do not guarantee economic success.

Analysis of Silicon Valley, California, a case study

for technopole development worldwide, suggests that several interrelated elements must be present: a few large, established companies as a base for activity and as a magnet for others, a university with technical facilities and a cadre of engineers, a supportive business environment (including favorable taxation and facilitated access to capital), transportation and communication infrastructures, and the resulting "garage growth" of smaller companies.

To some extent, all these elements exist in the region of Sophia. Gérard Audra, administrative manager for Wellcome in Sophia Antipolis and president of the park's Club des Dirigeants, says, "Commercial development here means a fantastic use of this region's quality of life. Sophia Antipolis is a real technopole with a uni-

versity, research labs and manufacturing — and synergy among them all."

#### Smaller companies

Although the recession forced large companies like Digital, Thomson and IBM to reduce their work forces, the number of jobs created on-site every year continues to grow thanks to the increasing importance of small-to-medium-sized enterprises.

One virtue of these smaller, specialized companies is that they do not have to be "imported," but arise spontaneously.

The major problem in nurturing small-to-medium-sized enterprises at Sophia is the absence of venture capital, admits Mr. Stellardo. "We lack the Anglo-Saxon mentality of putting your money right on the table," he says. "We are trying to at-

tract venture capital to the site, mostly from the United States, but we haven't yet succeeded. It's a long-term project for us."

Gérard Passera, director of SAEM, points out that Sophia has been chosen as a Zone of Advanced Telecommunications by the state. This designation has helped attract 202 telecom enterprises (including 36 non-French companies) and 5,782 technical specialists since 1990. "We want to make as many people as possible aware of the Riviera Information Highway," says Mr. Passera.

Concrete highways are also important. Today, 2.7 million people live within two hours of Nice. That number will increase to 7 million when a highway to the Piedmont and Lombardy regions of Northern Italy is completed in 2002.

In addition, Nice Airport, the second largest in France and the only one within minutes of the center of the city, plays a key role in attracting business. Last year, it handled a record 6.2 million passengers, more than one-third of whom were on international flights.

The University of Nice was only four years old when Sophia Antipolis was created 25 years ago. Today, this institution boasts 24,000 students, numerous graduate programs and specializations, a growing reputation, and plans to enroll 50,000 students within the next 10 years. This expansion parallels that of Sophia, which expects to double its size in the next quarter century, becoming a technopole half the size of the city of Paris. No other technopole in Europe is poised for such growth.

Claudia Fisi

## EU FUNDING AFFECTS CHOICE

Continued from page 17

ject: infrastructure, productive investment, employment and training, agriculture and fisheries and rural development. For these projects, in principle, the European Union is prepared to underwrite up to 50 percent of the cost.

Structural funding is more closely linked to national policy. In theory, the European Union can contribute up to 75 percent of the total project cost. In practice, the member state is expected to match the EU contribution and, although private companies are eligible, the public sector is often the major beneficiary.

To help put this type of collective deal together, the European Investment Bank acts as the European Union's lead bank for priority projects, covering up to 50 percent of the proposed cost with long-term finance loans and guarantees.

For private-sector investors, the need to deal with increasingly stringent conditions and sometimes lengthy procedures brings its own reward. There are trade-offs to be made, but the payoff for having to deal at the local, national or regional level can be a considerable incentive.

#### Rich marketing mix

If grants really were all that mattered, picking the prime spots for commercial real estate investment would be almost as simple as collecting free money. From the new Länder in Germany to England's inner cities and Europe's southern fringe, the regional map has rarely looked so full of promise. New members like Austria, Sweden and Finland only add to the rich marketing mix.

Sweden, for example, is no longer the high-cost location it used to be. Corporate taxation levels are among the lowest in Europe, and regional development grants are available for investors in new plant and machinery.

In Denmark, despite the government's abolition of regional development grants, loans and authorities in January 1991, the European Union has allocated 350 million kroner (\$60.3 million) for industrial reconversion.

The European Investment Bank is especially active in Germany, where the economic integration and restructuring of the new states is still top priority. While European Union funds are helping to underwrite structural change in the for-

## Warships to Sailboats

In the British seaside city of Plymouth, 165 acres of prime waterfront land, formerly owned by the Ministry of Defense, are being transformed at a cost of £150 million (\$246 million) into a center for marine-related leisure, light industry and business.

John Collinson, CEO of the Plymouth Development Corp., says, "Plymouth's maritime history, waterfront setting, and air, sea and rail links position it as a destination for tourism and sailing." In addition, businesses like Marine Projects, GEC Plessey and British Aerospace will be taking up residence on the site.

One part of the complex is the Royal William Yard, a 19-acre site once used as a victualling yard (where warships were supplied). It has its own basin, and its buildings, regarded as notable examples of 19th-century architecture, are being renovated to be used for specialist retail, leisure, business and residential purposes.

mer mining regions of Bavaria, Lower Saxony, Westphalia and the Saarland, the German investment grant offers further capital incentive. Local soft loans and special allowances for real estate investment and depreciation are also of special interest to real estate investors in the new Länder.

#### Complex local webs

The Belgian government has introduced a package of measures to promote the regional development of Flanders and Wallonia. Investors can opt for a medium-term interest subsidy on approved loans, or claim the cash as a non-repayable capital premium on self-financed corporate investment. In the former case, they may also qualify for a soft loan to cover the cost of fixed assets such as land, buildings or machinery.

The Netherlands, like Luxembourg, operates an extremely clear-cut system of general, regional and special incentives matched to specific projects and areas.

France promotes regional development practically everywhere except in the Paris basin and Lyon, where the national government mostly leaves such matters to local chambers of commerce. A one-third cut in corporation tax and the concerted effort to untangle the complex web of local, regional and national incentives have so far paid considerable dividends. But buyers beware: like any fiscal package, the bigger the tax break today may mean the greater the tax bill to come.

Further south, it gets harder to know exactly what goes into the package. In Greece, which is divided into four distinct regions, everything depends on where you are. Spain and Portugal both offer a bewildering array of state, regional and European initiatives, depending on the zone in question and the source of funding. Italy's regional policy is probably the most confusing of all to an outsider: although a 1986 law proposed four types of regional incentive, none of them were operational by the law's 1993 renewal date.

#### U.K. successes

Along with Ireland, the South Europeans are the only nations to offer higher grants than the United Kingdom, which weighs in with a hefty 25.6 percent, compared with just over 15 percent in France, 14.7 percent in Germany and 12.5 in Belgium (according to a study by Healey and Baker Research Services).

Grants like this helped the British top the league table for inward investment to Europe, attracting \$197 billion from newcomers between 1978 and 1991. The lesson seemed to be that many of them preferred the prospect of immediately lower set-up costs and taxes to any number of longer-term subsidies, concessions or allowances.

Steven Bartlett

## BLACK COUNTRY BECOMES BRIGHT SPOT

The regeneration of a historic part of the British Midlands provides an object lesson in regional development.

The Black Country, 10 square miles in the British Midlands, claims to have been the cradle of the Industrial Revolution in England in the late 18th century, but by 1987 the area was in such need of regeneration that the government set up a special Black Country Development Corporation just for that purpose. It is regarded by some

as an example of what officially encouraged industrial development can achieve.

The corporation sees its role as creating "new jobs, new enthusiasm and a better quality of life for people." The means include encouraging development, especially private investment.

The original 10-year targets set in 1987 have, the

corporation claims, already been met, with a total of £580 million (\$916 million) in private investment already in place. The corporation's own investments in road building and land reclamation helped to attract these investments.

Among the Black Country projects for which generous European Union grants have been obtained are the reclamation of former mining land, now used as an Automotive Component Park (£5.4 million in grants); construction of an important 1 kilometer road link (£2.4 million); environmental improvements to transport cor-

ridors, including landscaping and tree planting (£1.6 million); and improvements to the town of Wednesbury's historic but run-down town center (£1.1 million pounds).

Grants were also given to local school and community projects, including training facilities.

Within Britain's intricate planning system, which can sometimes hold major projects up for years, the Black Country Development Corporation prides itself on its efficient handling of applications and the ability to reach rapid decisions.

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## GOVERNMENT ADOPTS BOLD INVESTMENT POLICY

Incentives include tax holidays, special zones and less bureaucracy.

The government of Pakistan has undertaken a comprehensive program of radical economic reform based on liberalization, privatization and deregulation to bring the economy into a fully market-oriented system, capturing the potential of the private sector in all areas of economic activity.

The privatization process is being redesigned to make it more transparent, and the process of disinvestment and privatization is being opened to both foreign and domestic entrepreneurs. Sectors like power generation, telecommunications, highway construction, port development and operation that until now had been limited to the state have been opened to the private sector, both local and foreign.

The government's economic reforms aim to attract investment to Pakistan. Under the deregulation policy, the entire system of licenses, permits and controls on business transactions has been eliminated.

All controls on foreign exchange transactions have been done away with, thus reducing the role of the bureaucracy drastically. Its mission is now to facilitate investment, not obstruct it.

The specific measures taken in this respect are as follows.

- Except in the case of a few industries (for security and environmental reasons), no government approval is required for foreign investment in industry.

- There is no restriction on the domestic borrowing of foreign-owned firms for fixed investment. Companies that export 50 percent or more of their production can also borrow, and there is no restriction on obtaining foreign loans that are not guaranteed by the government.

- Restrictions on the payments of royalties and technical fees have been abolished.

- Capital markets have been opened to foreigners.

- No permission is required for remittance of principal and dividends on account of foreign investment in industry.

- Restrictions on the recruitment of technical and managerial expatriate personnel have been removed.

- The following fiscal concessions and incentives for various categories of industries have been allowed.

- Three-year tax holiday for all new industries.

- Five-year tax holiday for industries established in delineated rural areas and Special Industrial Zones.

- Eight-year tax holiday for industries established in less developed areas.

- Exemption from customs duty and sales tax for the import of machinery not manufactured in the country, for units located in rural or less developed areas or those classified as Export Processing and Special Industrial Zones.

- Maximum tariff rates have been reduced, and non-tariff barriers have been largely done away with.

- Foreign companies are allowed to undertake the export of rice and cotton.

### Industrial estates

To encourage investment in Pakistan, a number of industrial estates have been established, with basic infrastructural facilities provided for the establishment of industrial units. A fully developed Export Processing Zone has been set up near Karachi, another EPZ is being established at Karachi and two more are being planned near Lahore and Peshawar.

With a view to accelerating the pace of industrial investment, generating exports, ensuring transfer of technology and creating additional job opportunities, the government plans to establish 12 Special Industrial Zones, three each in the Provinces of Punjab and Sindh, two each in the North West

Frontier Province and Baluchistan, and one each in Azad Jammu and Kashmir and the Northern Area. The units will be required to export 60 percent of their annual production, and their minimum foreign equity is 40 percent. The government has prepared a package of concessions, tax incentives and other facilities for these zones. The government has also announced some additional incentives for investors in the 1994-95 budget. They include a five-year income tax holiday for industrial undertakings engaged in food processing that are established between July 1, 1994 and June 30, 1997, and for industrial undertakings engaged in the manufacture of soft and stuffed toys that are established between July 1, 1994 and June 30, 1997. The flat rate of income tax for non-residents has been reduced from 30 percent to 20 percent.

### Power generation

The government of Pakistan is

determined to substantially improve the economic and social lot of its people by building up a new tradition of mutual cooperation with the developed nations and seeking foreign investment. In March, 1994, the government announced a policy framework of incentives aimed at attracting private investment in the field of power generation.

A tremendous number of applications has been received for the setting up of power projects for over 20,000 megawatts, against a requirement of about 5,800 megawatts till December 1997.

The government is also encouraging proposals for power generation projects based on indigenous fuels like coal and gas, water power and renewable resources like wind power.

The government, through an act of Parliament, has provided a legal framework to protect foreign investments in Pakistan against expropriation or any disadvantage to the investors.

It is also determined to improve the tourist industry by providing various incentives to the private sector. There are vast investment opportunities for multinational companies, notably for hotels in the northern areas.

To create the necessary environment to attract private sector investment, tourism has been accorded the status of an industry. All tourism-related facilities, including amusement parks, hotels, motels, cultural centers, transport, tourist service agencies, and handicraft and souvenir manufacturing, will be treated as "industrial concerns" and will qualify for the same benefits, concessions and treatment as other recognized industries.

To streamline the process of investment and industrialization and to create a genuinely investor-friendly environment, the government has set up a Board of Investment, headed by Prime Minister Benazir Bhutto herself, as an investment promotion and facilitation agency.



Prime Minister Benazir Bhutto, whose government has undertaken a comprehensive program of radical economic reforms.

## BANKER WELCOMES 'HEALTHY TREND' OF COMPETITION

In the following interview, Hussain Lawai, president of the Muslim Commercial Bank, discusses the effects on his bank of the government's privatization policy.

### How has denationalization affected the growth of the Muslim Commercial Bank?

MCB has expanded its business three times since it became the first state-owned bank to be privatized in April 1991. It is the largest among the banks in the private sector and has a country-wide network of 1,304 branches, compared with the 875 branches of the second-largest private bank. MCB deposits swelled from 27 billion rupees in April 1991 to 82 billion in December 1994, and pretax profits reached 1.8 billion rupees in December 1994 from 600 million rupees in April 1991.

### How does MCB react to the fact that banking is more competitive in Pakistan now?

At least a dozen new commercial banks have been licensed during the past three years. MCB welcomes the new entrants. We consider it a healthy trend as it compels the big banks to improve their counter service and provides small and medium-sized business units with access to

credit facilities and other financial services. The government's policies of liberalization, deregulation and privatization have certainly contributed to the growth of the banking system. However, frequent changes in monetary and fiscal policies lead to economic instability and reluctance on the part of banks and investors to accept long-term commitment.

MCB has diversified its services and its role, and is moving ahead from commercial banking to investment banking and corporate finance services. With our investment in technology and human resources, combined with personal management and dynamic leadership, we and our customers have a great deal to look forward to.

### How has the Islamic Banking Department been performing for the bank?

MCB opened its Islamic banking counter in 1992 with the objective of introducing instruments conforming to Sharia parameters. To start with, the bank offered two financing products called *murabahah* and *musharakah*, and in 1993 it introduced *ijara* (leasing). Two new products are now planned: *musawama* (a financing product) and an Islamic financing bond.

*Musawama* concerns a commodity sale transaction on credit at an unfixed price, subject to price determination on the due date. This is applicable where an authentic source is available for pricing—like the Karachi Cotton Association or the Karachi Stock Exchange. Under *musawama*, the client and the bank can fix the price before the due date if the market has an abnormally rising or falling trend and crosses predetermined limits.

On the Islamic Investment Bond, MCB is in the process of floating a bond that will be listed on the stock exchange as an independent entity. The funds so raised will be used to cater to the financial needs of MCB's clients under *murabahah*, *musharakah*, *ijara* or *musawama*. The bond holder will be entitled to receive a profit share. The scheme still has to receive the approval of an Islamic scholar.

At MCB, Islamic banking is at present operational only in Karachi, but it is to be extended to other cities under a phased program. Public response has been overwhelmingly encouraging. MCB has been selective in the choice of clients because of the high risk factor.

### How has the offer of MCB stock to the public been received?

MCB entered the stock market on February 19, 1993 with the biggest flotation in Pakistan's history. It offered the public 14.4 million shares worth 608.7 million rupees.

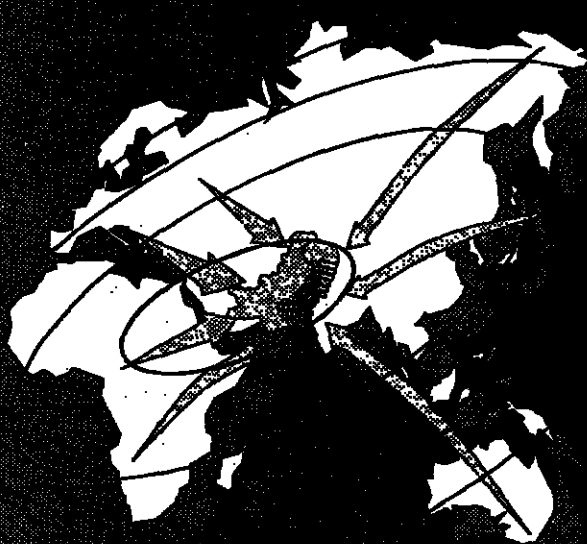
With a paid-up capital projected to reach 1.7 billion rupees in March 1995 (from 1.2 billion rupees now), the stock enjoys full market support and is considered a blue chip.

For stockholders, we issued 15 percent bonus shares in 1992, 50 percent rights shares in 1993, 12.5 percent bonus shares in 1994 and 15 percent rights shares this year.

### How has MCB's Investment Banking Group fared?

We set up the Investment Banking Group in 1992 to utilize MCB's large resources and infrastructural facilities and to play a major role in the financial and capital markets. We intend to have a strong presence in the private placement area. In August 1994, we successfully lead-managed the private placement of Ibrahim Fibres Ltd. to the extent of \$50 million, with investors in the Middle East, Far East and Europe.

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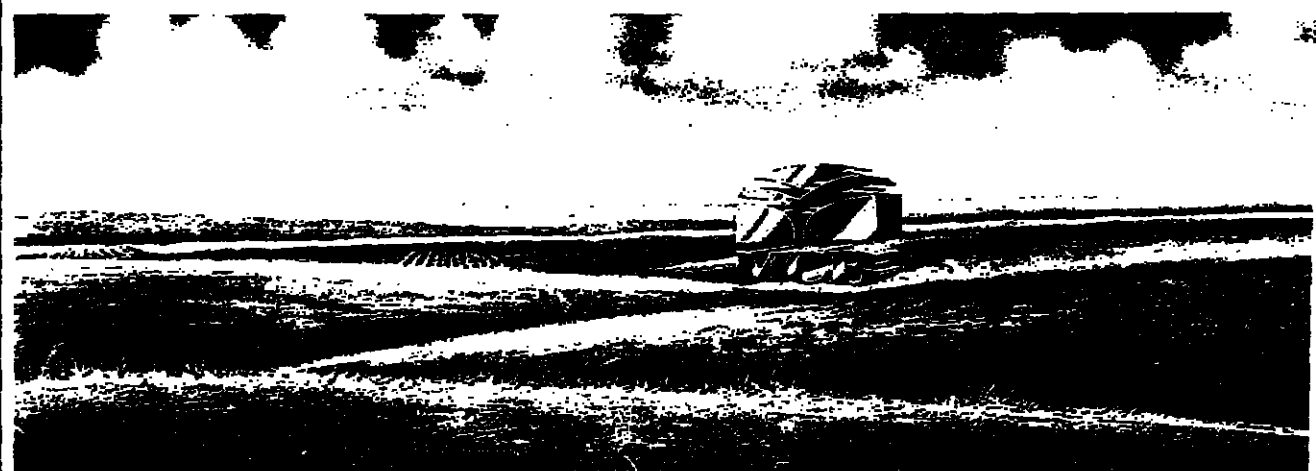


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## SPORTS

## Muggsy Bogues: A Little Man, Standing Tall, Provides Sting for Hornets

By Ira Berkow  
New York Times Service

CHARLOTTE, North Carolina—In the den of their splendid suburban home, the one distinguished by, among other items, an outdoor basketball court done in teal and purple, the colors of the Charlotte Hornets, two short guys were conducting a television interview—a mock television interview, that is. The two short guys were father and son.

The subject of the interview was Tyrone Bogues Sr., known universally as Muggsy, who is 30 years old and stands 5 feet 3 inches (1.6 meters) tall. He is the speedy, stocky, starting point guard for the Hornets, the team's most valuable player last year and the shortest player in the history of the National Basketball Association.

The interviewer was his son, Tyrone Jr., age 3, who comes about up to his father's hip and is the shortest person in the Bogues household.

In the audience were his sis-

ter, 8-year-old Brittney, and their mother, Kim Bogues.

"Daddy," said Ty Jr., holding up a microphone, "Alonzo Mourning is this big." Ty Jr. held his hand over his head—"and you are this big." He dropped his hand to his knee. "Alonzo Mourning can dunk the basketball and you can't. Why's that?"

"Why's that?" asked the startled father. "What kind of interview is this? What show am I on, anyway? I'm leaving!"

All this drew a laugh from everyone but the interviewer, who still waited, microphone in hand, for the answer.

And Muggsy gave it. "Two is two," he said.

"What?" Ty Jr. asked. "It doesn't matter how you do something," Muggsy said. "The only thing that matters is what you do. And a basket counts for two points any way it goes in."

And there in the few moments of this interview, the life of Muggsy Bogues passed before him. Every day of his life, he has said, he has to prove

himself over again. Every day of his life, he has to demonstrate that someone his size can accomplish the improbable. And every day of his life, he confronts and ultimately confounds his critics.

That Muggsy Bogues has arrived where he has, a significant member of one of basketball's best teams, at his height and at his salary—in his seventh NBA season he recently signed an extension for five years at a total of \$7.5 million—is spectacular.

"We feed off his energy," Larry Johnson has said.

"They've got the two horses," said Gary St. Jean, the coach of the Sacramento Kings, referring to Mourning and Johnson, "but Muggsy drives the wagon. He feeds 'em the oats."

"It's hard for people to appreciate just how much a little guy contributes—until you're actually on the court playing with him or against him," said Spud Webb, who, at 5-7 and the point guard of the Kings, knows something about the topic. "And Muggsy is a spark on offense and a real pest on defense."

There is no higher compliment. But where Bogues is today from where he came is at least as remarkable as his basketball accomplishments.

He grew up in the tough Lafayette housing projects of Baltimore, where he once saw a man beaten to death with a baseball bat, another stabbed repeatedly with an ice pick, where gun shots regularly rang out, where he himself was shot in the arm and back when he was 5.

He avoided drugs and crime and gangs, the way to big money and even some stature in the neighborhood. "All it would take was about two seconds to get in trouble, or get killed," Bogues said.

He avoided it for several reasons, one of them being that his father, Richard, had been sentenced to prison for 20 years for armed robbery, had also been a drug dealer and addict, and was a model for Bogues in what not to do.

Muggsy had great ambivalence about his father—as he

does about his old neighborhood—and eventually became friends with him, visiting him in prison and corresponding with him when he was in college. When his father died in 1993, he said at his funeral, "He wasn't the perfect father, and even though he was a person of the streets he never let his family go without."

Muggsy avoided drugs and crime and gangs because his mother, Elaine, held the family together. Muggsy, two older brothers and a sister—altogether, six—went on welfare when her husband went to prison, but decided in that fashion, earned a high school equivalency diploma at night, and worked as a secretary in nonprofit organizations.

"My mom always brought home a present once a week for all of us," Bogues recalled. "We never felt like we ever needed anything. We never felt poor. So I never felt I had to go out and do something wrong to get money."

And it was his mother who consoled him when he came

home crying that he wanted to be taller. "You'll do fine, Ty," she said gently. "God doesn't make mistakes."

He avoided drugs and crime and gangs, too, because of basketball. "I loved the game," he said. "I loved it from the start. I was always with a basketball. I'd even dribble a basketball when I'd throw out the trash—and I got so that I could do it without spilling the trash."

It was his basketball play that gave him stature.

"The first time I ever saw him was when we were about 11 years old," said David Wingate, a Hornets teammate and a high school teammate at Dunbar as well. "It was a recreational league, and I looked at this guy who was so little and thought, 'What's he doing here?' But then the game started and he was so fast you needed radar to detect him."

His nickname is derived from the way neighborhood players described his intense defense as "mugging" his man.

And it was the closeness of his family and his basketball

and neighborhood friends, especially the 6-7 Reggie Williams—"We called each other 'The Big Fella' and 'The Little Fella,'" recalls Bogues—that was so important to him.

"What drives him," said his wife, Kim, "is when people say he can't do something because he's too short. He thinks to himself, 'Oh yeah?' He's been that way all his life."

If there is one word to describe Muggsy for me," said Hornets teammate Joe Wolf, who also played against him in college, "that word is competitive."

Bogues went from the most valuable player in the rec leagues to the most valuable player on his undefeated high school team in 1983—which was chosen No. 1 in the nation, considered among the best high school teams ever and included future pro stars Wingate, Reggie Williams and Reggie Lewis.

From there he became the most valuable player at Wake Forest. He was the Washington Bullets' first-round draft pick in 1987, but was given little play-

ing time and, as he recalled, suffered a loss of confidence for one of the first times in his basketball life.

"Don't worry, you'll get your chance—you'll make it," says Malone, a teammate, told him often. How was it that a 7-foot player could be so encouraging? "Because he was knowledgeable about basketball," Bogues says.

But he didn't get his chance with the Bullets. They allowed him to go in the expansion draft, where he was picked up by Charlotte. In his first year there, the coach, Dick Harter, felt that Bogues was too small to be a regular.

Harter was dismissed after that season and Gene Littles took over. He, and his current successor, Allan Bristow, put Bogues in the starting lineup, where he has stayed. Twice he has been the team's MVP; he is shooting about 50 percent from the floor and about 90 percent third in the league—in free throws.

Most important for a point guard, he is one of the league's consistent leaders in assists and steals. His ratio of assists to turnovers is the best of anyone's—six assists for every turnover. "He just doesn't make mistakes with the basketball," Mr. Mourning said.

On defense, he moves with his man like a Siamese twin. "He's so quick to steal the ball, that I don't dribble with him around me," said Kenny Anderson of the Nets. "And I can handle the ball pretty well. When Muggsy's on me, I pass the ball."

And other point guards rarely try to post up and shoot over him either. "He has a very low center of gravity, and he's hard to move," Bristow said. "And he's strong."

He has become one of the most popular athletes in Charlotte, his easy smile a part of the landscape.

Every summer, he returns to the Baltimore neighborhood, where he grew up to conduct clinics related to his program, "Reading and Roundball."

And there, as with his son, Ty, he carries on dialogues with the youngsters. It is something close to his heart, and sometimes breaks his heart.

"I see the exact same things—nothing has changed—in fact, if anything, things there are even rougher now than when I was growing up," he said.

Muggsy tells the kids: "Give yourself a chance. Now, everyone can play basketball. But find something you're interested in."

One of the kids said, "But it's easy for you to say, look at where you're at."

Muggsy replied, "But I was once where you were."

Kid: "But you could play great basketball—so you had a way to get to college."

Muggsy: "Everybody has a way to get to college. You study in high school, you do your work. There are always grants, or loans, that can be available. I guarantee you—if you want it, you can get it. Don't close the door on yourself."

## Smits Stands Tallest On Night of Centers

The Associated Press

David Robinson was supposed to be the only dominating center on the floor of the Alamodome.

Instead, it was Indiana's Rik Smits who had the big game in the paint, scoring a season-high 35 points and limiting the Spurs' center to 19 points and a career-low two rebounds Tuesday night.

## NBA HIGHLIGHTS

Smits' job on Robinson helped the Indiana Pacers break San Antonio's eight-game winning streak with a 117-100 victory.

"A guy like David is having an incredible year," said Smits, the 7-foot, 4-inch (2.25-meter) veteran from Eindhoven, the Netherlands, who also got 10 rebounds. "He deserves to be considered for MVP. Nobody stops David. But tonight they were playing from behind. It's tough to catch up."

"We played the best team in the league, and we played the best game of the year. I can't explain it."

Reggie Miller added 22 points and Byron Scott had 12 points for the Pacers, who ended a three-game losing streak.

They built a 24-point first half lead, then held off several rallies by the Spurs to end San Antonio's 11-game home winning streak. The Spurs never got closer than seven points in the second half.

Knicks 115, Celtics 110: Boston's Dominique Wilkins became the ninth player in NBA history to score 25,000 points, but the visiting Celtics had no answer for New York's center, Patrick Ewing.

Ewing finished with a season-high 46 points, scoring 38 in the second half and 16 straight to

keep his sputtering team in the game during the third quarter as New York won its ninth straight game against Boston. He also added six blocks and 12 rebounds.

Wilkins, who needed 16 points to reach the 25,000-point plateau, finished with 19, including his milestone 3-pointer with 3:19 to play in the fourth quarter.

Suns 113, Rockets 102: Kevin Johnson scored 22 points and led a free-throw shooting spurt in the fourth quarter to help Phoenix win its fourth straight.

The Rockets' center, Hakeem Olajuwon, scored 40 points and got 13 rebounds, but he also committed four fouls in the fourth quarter, picking up his sixth with 4:05 to play.

Trail Blazers 106, Bucks 100: Terry Porter, in only his 10th game of the season after returning from ankle surgery, scored a season-high 36 points to help Portland end a three-game losing streak.

Milwaukee, which lost its third straight, were led by Eric Murdock with 29 points and Vin Baker with 27 points and 12 rebounds.

Jazz 102, Kings 95: Karl Malone scored 33 points and John Stockton added 28 as Utah rallied to an overtime victory over Sacramento.

The Kings led by 88-80 with 1:48 left in the fourth quarter, but Stockton made 3-pointers with 16:1 and 7:8 seconds left for a 90-all tie at the end of regulation.

Walt Williams scored 18 of his season-high 31 points in the second half for Sacramento, which has lost five straight against the Jazz and eight of its last nine overall.



Eric Montross got a shot off, Patrick Ewing got 46 points.

## Nordiques, After Scare, Finally Beat Penguins

The Associated Press

The Quebec Nordiques finally beat the Pittsburgh Penguins, surviving a late collapse for a dramatic victory.

Alexei Gusarov scored with 58 seconds left in the third period in Pittsburgh as Quebec won, 5-4, Tuesday night to improve its NHL-best point total to 35, three more than the Penguins.

After losing their first two games against Pittsburgh, the Nordiques appeared headed for disaster when they blew a 4-2 lead in the final period.

But the Penguins were sloppy with the puck and left Gusarov alone with goalie Ken Wregget after good passes by Joe Sakic and Wendel Clark.

"It's a tremendous psychological lift," said Scott Young, who scored twice in the second period. "If Pittsburgh had wound up winning, we'd have been in here wondering what we had to do to beat them."

Quebec was challenged in the third when Pittsburgh scored the 4-2 deficit on goals by Joe Mullen and John Challen.

The Nordiques have a four-game unbeaten streak at 3-0-1, while the Penguins are on a 2-4 streak, part of a larger 3-6-1 slide following their season-opening 12-0-1 stretch.

Flyers 4, Lightning 3: John LeClair scored two goals and Eric Lindros had two assists as the

## NHL HIGHLIGHTS

Flyers improved to 10-9-3, moving past 500 for the first time this season. Tampa Bay is 1-3-1 in its last five games.

Flyers goaltender Ron Hextall made 23 saves to improve to 5-3-3.

Blues 6, Mighty Ducks 3: Brett Hull had two goals and an assist as St. Louis won despite giving up the Mighty Ducks' first goal in nearly three games. Bob Corkum ended Anaheim's scoreless streak at 17:24 when he converted a rebound at 8:44 of the second period.

Hull scored his 14th and 15th goals for the Blues, who are 5-1 in their last six games and have a five-game winning streak at the Kiel Center.

## Baseball Set To Expand

Washington Post Service

PALEMBACH, Florida—Major league baseball's team owners plan to award expansion franchises Thursday to Tampa-St. Petersburg in Florida and to Phoenix, and likely will give a team to Northern Virginia within the next year.

The nine-member expansion committee recommended to the owners' executive council on Tuesday night that Tampa-St. Petersburg and Phoenix receive teams in the first round of expansion. Those teams would begin play in 1998.

But Northern Virginia is running a strong third in the expansion derby, sources said, and within the next 12 months the area probably will be awarded a franchise that would begin play in 2000, or soon thereafter, in the second round of expansion.

The executive council spent several hours during its lengthy meeting discussing the status of the again-stalled labor negotiations with the striking players. The owners in the room generally agreed that there remained a 10-day window of opportunity to get a settlement with the union and avoid beginning the regular season with replacement players, sources said.

Richie Ashburn, a classic leadoff man during his 15-year career, all but the last three of played for Philadelphia, was elected to the Hall of Fame by the Veterans Committee.

Negro Leagues star Leon Day, National League founder William Hulbert and turn-of-the-century pitcher Vic Willis also were picked by the 17-member panel.

The voting rules for the Veterans Committee were recently revised for a five-year period, letting it select four people instead of the usual two. (AP)

## Western Kentucky and Green Bay Gain NCAA Berths

The Associated Press

Western Kentucky is going to the NCAA tournament for the third straight year, leaving Arkansas-Little Rock's postseason plans up in the air.

"You don't get 26-3 thinking about other things," Western Kentucky's coach, Matt Kilcullen, said of Tuesday night's 82-79 victory over host Arkansas-Little Rock for the Sun Belt Conference title and its automatic NCAA tournament bid. The No. 23-ranked Hilltop-

pers have now won 12 straight and 24 of their last 25. They lost their season opener to Jacksonville, in double overtime, lost at

## COLLEGE HIGHLIGHTS

Massachusetts and dropped a two-point decision at Tulsa.

Wisconsin-Green Bay also got an automatic NCAA berth by defeating Wright State in the Midwest Collegiate Conference final in Dayton, Ohio. UALR, 17-12 in its first year

under former Alabama coach Wimp Sanderson, may wind up in the National Invitation Tournament.

Western Kentucky's Darius Hall made his first five shots, then was quiet for the next 34 minutes.

But, with less than a minute to go and the Hilltoppers ahead by 80-76, Arkansas-Little Rock's Cordell Robinson went up for a shot. Hall blocked it, the ball bounced toward midcourt and was grabbed by Jeff Rogers,

who headed the other way for a layup and a six-point lead.

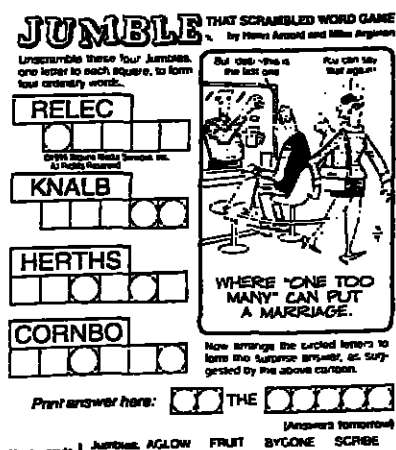
Wisconsin-Green Bay 73, Wright State 58: The team that knocked Jason Kidd and California out of the NCAA tournament last year dominated inside with Jeff Nordgaard to knock off Wright State.

Nordgaard, a slashing 6-foot, 7-inch center, scored 19 points in the first half—eight on dunks or layups—and finished with 28 points, 13 rebounds and his first 3-pointer of the season.

## DENNIS THE MENACE

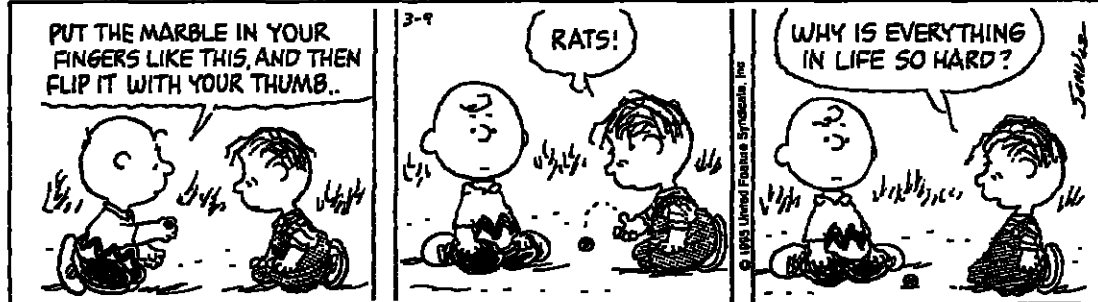


"MY MOM SAYS SHE CAN'T GET A PART-TIME JOB BECAUSE I'M A FULL-TIME KID."



Print answer here: \_\_\_\_\_

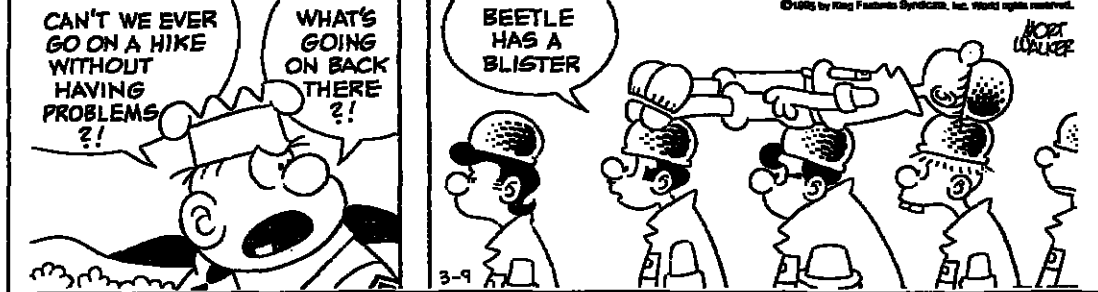
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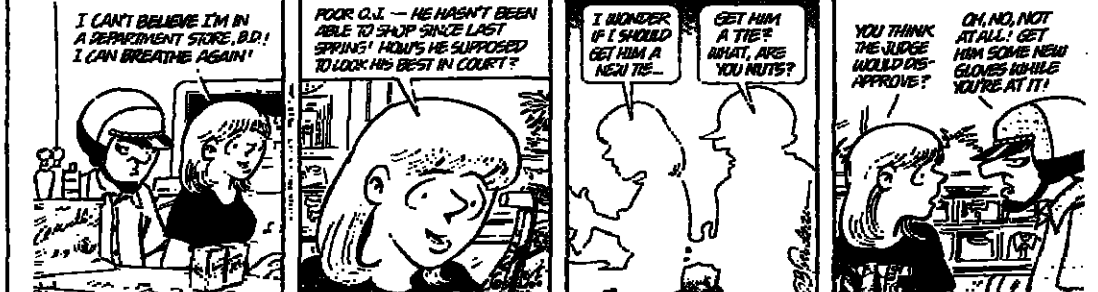
## GARFIELD



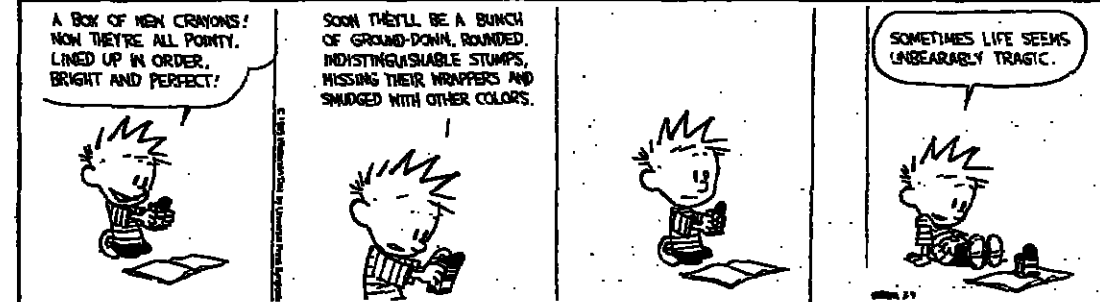
## BEETLE BAILEY



## DOONESBURY



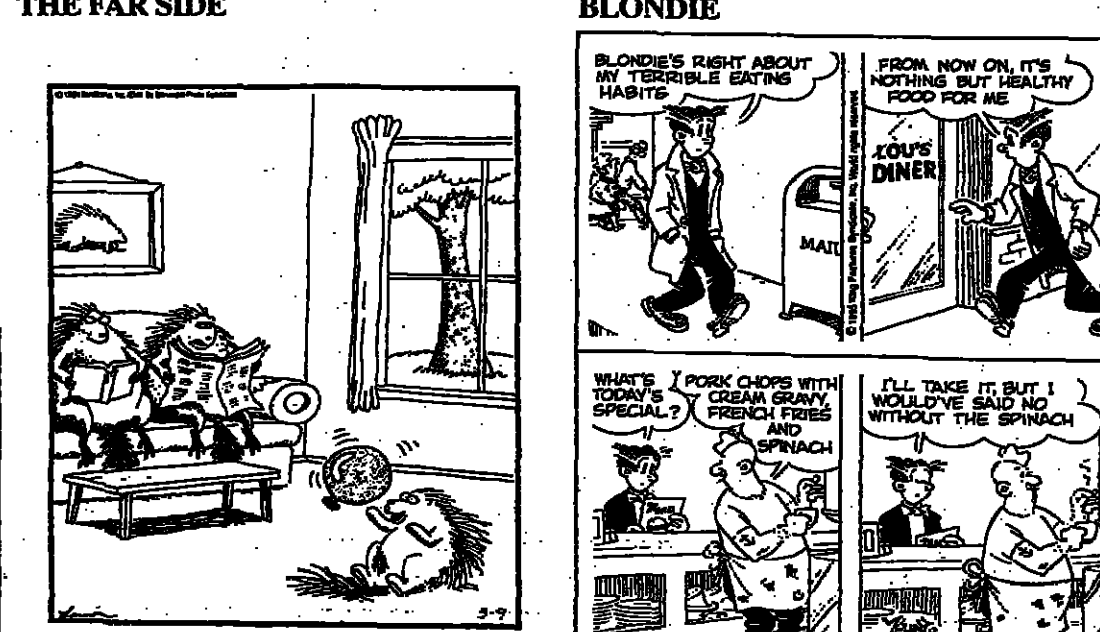
## CALVIN AND HOBBES



## WIZARD of ID



## THE FAR SIDE



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every Saturday  
in the IHT







## ART BUCHWALD

## School-Lunch Solution

WASHINGTON — While most Gingrich supporters in Washington agree that there is no such thing as a free school lunch, there is a sharp division on how to eliminate it.

Some Republicans want to dump the program and give block grants to the states. This proposal is known as the "Tofu To You" plan. Still others think that the children should be made to pay for their meals in order to get any fulfillment out of them.



Buchwald

Darth Vader, one of the top advisers to Gingrich, has come up with an idea which has tremendous appeal on Capitol Hill.

"We want to turn the school lunches into political fund-raisers. We would charge the kids 50 cents a plate for the meal. Twenty-five cents would go for the food and 25 would go to our Political Action Committee."

I admitted that it had some merit, but wondered how Darth planned to implement it.

"We would supply speakers from Congress to talk to the students while they ate their lunches. The congressmen would discuss ethics, morals and their constitutional right to bring assault weapons into the classroom."

"My concern is that the children have been getting too far from the school for nothing for so long that they may not want to pay for a political fund-raiser," I said.

"They need to learn to participate in the political process in order to have good government. If they complain that they don't want their allowances to go to Gingrich's PAC we'll throw in a second helping of applesauce for dessert. This country cannot afford a school lunch program and Haiti at the same time. I have talked to my colleagues in the House on this subject."

"Those who want to reform the lunches say that they would be happy to go out and make speeches against free milk, providing they begin the meal with a prayer."

"Do you believe the reason that Gingrich wants to abolish federal school meals is that he never had one when he was a kid?"

"No. It's the price of the meal. For this country to remain solvent we have two choices: We can stuff meat loaf into the stomachs of hungry children today but their children will be saddled with the debt for years to come. Or we can say, 'Enough is enough. If you're hungry McDonald's has a \$2.30 special.'"

"That's tough love if ever I heard it."

"We're not forcing them to turn their lunch periods into fund-raisers. But if the kids start giving their money to the PACs they will be able to lobby for any kind of lunch program they want, and for the first time politicians will listen to them."

## Standing Tall in a World of 'Small' Films

By Ruth Reichl  
New York Times Service

NEW YORK — Asked her age, Gillian Armstrong does not immediately answer. She pushes her smooth blond hair away from her face with blunt, sensible fingers and smiles. She takes her time. "Just say early 40s," she finally replies.

She is not being coy. She is politely serving notice that this interview will be conducted on her terms. The woman who became Australia's first female film director at age 27 is accustomed to being in charge. Indeed, a few minutes later she quietly suggests moving to another table. Gesturing around the empty room, she stands up and says, "With all the thousands of people that are in here why should we sit next to the kitchen door?"

Armstrong had only been seated for a few moments, but it is already a shock to be reminded that she is of average height. Gillian Armstrong seems tall.

"That's exactly what one of the foreign journalists at the news conference I just came from said!" she says, laughing. "You're so small! You're so young! You're so pretty!"

Armstrong has traveled from her home in Sydney to do what she calls "international press junket interviews," selling her latest film, "Little Women," to parts of the world that did not grow up on the Alcott classic.

The film, which was not initially seen as a commercial vehicle, turned out to be the surprise hit of the Christmas season. It went on to receive three Academy Award nominations. The fact that these did not include one for direction surprised no one.

In the entire history of the Oscars only two women have ever been nominated as best director: Lina Wertmüller for "Seven Beauties" in 1976 and Jane Campion for "The Piano" last year. No woman has ever won, and the fourth version of a 19th-century novel was unlikely to be the pioneer.

Armstrong, on the other hand, would probably figure in anybody's shortlist of women most likely to break the spell. When her first feature, "My Brilliant Career," was released in 1978, The Washington Post called her



Gillian Armstrong: Unimpressed with critics' accolades.

"the most sensitive and accomplished woman director in the English-speaking world."

"My Brilliant Career" established Armstrong as a force to be reckoned with. The movie, about a young Australian woman at the turn of the century who rejects love for literary ambition, was a hit. Hollywood came calling.

Armstrong was unimpressed with the accolades and unimpressed with herself.

"I know that making a film is a team effort, and it was only my second film. Why would I want the stress and strain with a whole lot of strangers?"

Armstrong turned down every Hollywood offer to stay in Australia and

make a deliberately small film about a teenager trying to become a rock star.

When "Starstruck" opened in New York in 1982, Janet Maslin of The New York Times noted its "dizzy, impudent high-spirited glory," and opined that Armstrong "may be an original."

Armstrong seemed set on proving it. She went around giving interviews dressed in a large fuzzy blue sweater decorated with colorful beads, a polka-dot blouse, black tights and blue suede shoes. Her blond hair was cut in a punk shag. Faced with the tailored woman in subdued brown silk who now sits across the table pouring tea, it is hard to imagine. Other things have also changed.

At that time Armstrong was single, had no children, and told one interviewer that she thought directing and children were incompatible because directing requires such an enormous commitment. Today she says she has two daughters, 6 and 9, and a husband whose name she will not reveal.

"Just say he's gorgeous," she says. "He deserves his privacy." And then, as if setting the record straight, she adds that she is not actually married.

"Australia is much more liberal in accepting de facto relationships than the U.S.," she says. "We were shocked to discover that his health plan was not covered on my Director's Guild membership. At least the kids were."

These days Armstrong seems slightly impatient at the notion that her work and family don't mix. "It is not as if I were an attorney or a neurosurgeon," she says. "A director's job is all in, but it is a short period of time. I have the ability to schedule things."

What she also has is a man around the house. "My girls have a fantastic Dad," she says. "He's taken leave when I'm shooting. It helps." She also thinks it helps to have a producer who is a woman. When Armstrong's younger daughter started school during preproduction for "Little Women," the producer, Denise Di Novi, said, "You'll always regret it if you're not there for her first day of school." Armstrong flew home. "And Denise said, 'No male producer would ever have allowed you to go.'"

Armstrong initially turned down the chance to do the film. "I had already done a film about a young woman who wanted to be a writer," she says. She credits Di Novi with changing her mind. And, she adds, "I thought it would be nice to make a film that my daughters could go to. . . . They want to see characters they can identify with and there's a real shortage of girl's stories."

Does this have anything to do with the shortage of women in Hollywood? "Hollywood is hard on women," she replies. "It's still that terrible cliché that when men stand up for what they believe in it's considered artistic expression; a woman is being a troublemaker and a bitch."

## PEOPLE

## Olympic Diver's Book Is Sealing the Heights

Greg Louganis's new book, "Breaking the Surface," is making a significantly bigger splash than the former Olympic diver expected. The book, in which the gold medalist reveals that he has AIDS and was HIV-positive before the 1988 Summer Olympics in Seoul, has zoomed up best-seller lists since its release Feb. 27 to No. 1 on The New York Times March 19 best-seller list for hardcover nonfiction.

After accusations last week that Alexander Theroux had lifted passages from "Song of the Sky" by Gay Murchie for his book "Primary Colors," Theroux apologized, saying he had mistaken notes taken from Murchie's work for his own words. It is not the first time Theroux has been accused of literary theft. In a lawsuit filed in New York in 1992, Gail Levin, a professor of art history at the City University of New York, said Theroux had unlawfully used verbatim passages from her 1985 book "Hopper's Places" in a 1990 article for Art & Antiques magazine.

Frank Sinatra became one of Ronald Reagan's biggest boosters even though he thought the former president to be "a stupid bore" and Reagan's wife, Nancy, to be "a dumb broad with fat smilies." Shirley Maclaine says in an excerpt from her memoirs in Vanity Fair. In the excerpt from "My Lucky Stars: A Hollywood Memoir" published Tuesday, the actress also paints a devastating portrait of Sinatra's marriage to Ava Gardner, saying she made him grovel.

Nobel Prize winner Kenzaburo Oe is turning to a childhood friend, the veteran Japanese filmmaker Juzo Itami, to bring his short stories to the screen. Production of "A Quiet Life" will begin in May and is to be released in September.

## WEATHER

Forecast for Friday through Sunday, as provided by Accu-Weather.

Europe	Today	High	Low	Temp	Wind	W
Algeria	19/08	12/03	16/01	12/23	sh	
Amsterdam	7/14	11/02	14/03	04/09	sh	
Antwerp	7/14	11/02	14/03	04/09	sh	
Athens	16/03	7/14	9/20	2/23	sh	
Berlin	14/07	7/14	17/02	11/20	sh	
Brussels	11/02	4/09	11/12	1/24	sh	
Buenos Aires	8/13	0/02	10/20	3/27	sh	
Bombay	9/18	3/27	10/20	4/13	sh	
Bombay	7/14	1/04	8/14	1/24	sh	
Copenhagen	4/08	1/01	6/13	1/24	sh	
Cairo	18/04	12/03	17/02	12/20	sh	
Dublin	8/14	8/13	9/14	3/27	sh	
Edinburgh	11/02	1/04	14/07	7/14	sh	
Frankfurt	7/14	2/09	11/20	2/23	sh	
Geneva	1/04	1/01	10/20	4/13	sh	
Havana	1/04	1/01	10/20	4/13	sh	
Interlaken	12/03	2/26	9/14	1/24	sh	
Los Angeles	21/10	13/05	18/04	14/27	sh	
London	17/02	11/02	14/03	11/20	sh	
Madrid	11/02	6/13	14/03	8/14	sh	
Moscow	18/04	6/13	17/02	3/27	sh	
Munich	9/14	1/01	11/20	8/14	sh	
Osaka	8/14	1/01	10/20	4/13	sh	
Paris	12/03	6/13	14/03	8/14	sh	
Peking	6/13	3/27	9/14	1/24	sh	
Rome	12/03	6/13	14/03	8/14	sh	
San Francisco	18/04	7/14	19/02	12/20	sh	
Stockholm	3/07	1/01	4/20	3/27	sh	
Switzerland	9/14	2/09	11/20	2/23	sh	
Taipei	1/04	1/01	10/20	4/13	sh	
Tokyo	9/14	3/27	10/20	4/13	sh	
Vienna	7/14	1/01	10/20	4/13	sh	
Warsaw	6/13	3/27	9/14	1/24	sh	
Zurich	8/14	3/27	10/20	4/13	sh	

North America	Today	High	Low	Temp	Wind	W
Alaska	18/04	12/03	17/02	12/20	sh	
Arizona	24/10	17/02	24/10	16/01	sh	
California	18/04	12/03	17/02	12/20	sh	
Canada	22/11	9/14	23/10	9/14	sh	
Colorado	14/07	2/09	11/20	7/14	sh	
Connecticut	18/04	12/03	17/02	12/20	sh	
Delaware	18/04	12/03	17/02	12/20	sh	
District of Columbia	18/04	12/03	17/02	12/20	sh	
Florida	18/04	12/03	17/02	12/20	sh	
Georgia	18/04	12/03	17/02	12/20	sh	
Hawaii	18/04	12/03	17/02	12/20	sh	
Idaho	18/04	12/03	17/02	12/20	sh	
Illinois	18/04	12/03	17/02	12/20	sh	
Indiana	18/04	12/03	17/02	12/20	sh	
Iowa	18/04	12/03	17/02	12/20	sh	
Kansas	18/04	12/03	17/02	12/20	sh	
Kentucky	18/04	12/03	17/02	12/20	sh	
Louisiana	18/04	12/03	17/02	12/20	sh	
Maine	18/04	12/03	17/02	12/20	sh	
Maryland	18/04	12/03	17/02	12/20	sh	
Massachusetts	18/04	12/03	17/02	12/20	sh	
Michigan	18/04	12/03	17/02	12/20	sh	
Minnesota	18/04	12/03	17/02	12/20	sh	
Mississippi	18/04	12/03	17/02	12/20	sh	
Missouri	18/04	12/03	17/02	12/20	sh	
Montana	18/04	12/03	17/02	12/20	sh	
Nebraska	18/04	12/03	17/02	12/20	sh	
Nevada	18/04	12/03	17/02	12/20	sh	
New Hampshire	18/04	12/03	17/02	12/20	sh	
New Jersey	18/04	12/03	17/02	12/20	sh	
New Mexico	18/04	12/03	17/02	12/20	sh	
New York	18/04	12/03	17/02	12/20	sh	
North Carolina	18/04	12/03	17/02	12/20	sh	
North Dakota	18/04	12/03	17/02	12/20	sh	
Ohio	18/04	12/03	17/02	12/20	sh	
Oklahoma	18/04	12/03	17/02	12/20	sh	
Oregon	18/04	12/03	17/02	12/20	sh	
Pennsylvania	18/04	12/03	17/02	12/20	sh	
Rhode Island	18/04	12/03	17/02	12/20	sh	
South Carolina	18/04	12/03	17/02	12/20	sh	
South Dakota	18/04	12/03	17/02	12/20	sh	
Tennessee	18/04	12/03	17/02	12/20	sh	
Texas	18/04	12/03	17/02	12/20	sh	
Utah	18/04	12/03	17/02	12/20	sh	
Vermont	18/04	12/03	17/02	12/20	sh	
Virginia	18/04	12/03	17/02	12/20	sh	
Washington	18/04	12/03	17/02	12/20	sh	
West Virginia	18/04	12/03	17/02	12/20	sh	
Wisconsin	18/04	12/03	17/02	12/20	sh	
Wyoming	18/04	12/03	17/02	12/20	sh	

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